

OVERSEAS NEWS

Progress seen on debt problem

Stephen Fidler interviews Citibank's chief debt negotiator

MR William Rhodes, the chief debt negotiator for Citibank, played a central role in the negotiation late last month of a landmark debt agreement for Mexico...

Q: Why is it said that the new debt reduction deal for Mexico depends on banks extending "new money"? How many banks need to take the new loans option and are you concerned that the necessary loans may not be forthcoming?



Mr William Rhodes, (above) the Citibank senior vice-president in charge of debt negotiations since the start of the developing country debt crisis in 1982, is to be promoted...

Brazilian MPs offer emergency economic plan

MOUNTING alarm over rising inflation and its electoral consequences has provoked the Brazilian Congress to propose an emergency economic plan to President Jose Sarney's lame duck administration...

Fears grow of fresh rash of Soviet coal strikes

MAJOR coal strikes which spread from Siberia across the country last month could flare again because managers are dwelling in carrying out promises over pay and conditions...

OBITUARY: PAOLO BAFFI Man who became the Bank of Italy's conscience

By Alan Friedman in Milan MR PAOLO BAFFI, Governor of the Bank of Italy during the turbulent late 1970s, a long-serving member of the board of the Bank for International Settlements...

Advertisement for Rolex watches, featuring an image of a watch and text: 'The Rolex Oyster Perpetual Chronometer is available in stainless steel, stainless steel and yellow metal or 18ct. gold...' and 'BUY YOUR ROLEX DIRECT FROM WATCHES OF SWITZERLAND'.

Dutch growth forecast to slow

By Laura Raun in Amsterdam THE Netherlands' economic growth will slow to an average of 2.5 per cent between 1990 and 1994, according to the Dutch Central Plan Bureau...

Climate of fear over Mafia grows in Sicily

By Alan Friedman in Milan THE CLIMATE of fear and confusion in Sicily since the revelation of two attempts to assassinate an anti-Mafia judge worsened yesterday...

Paz Zamora takes office under cloud of doubt

By Barbara Durr in La Paz MR JAIME PAZ ZAMORA, a former exile who suffered leanings was elected as president of Bolivia after forming an alliance with a military leader whom he had sought to overthrow over a decade ago...

Dominicans lobby to join Club Caribbean Canute James reports on stumbling blocks to membership of a trade and aid accord

THE EFFORTS of the Dominican Republic to become a signatory to a trade and aid agreement between the European Community and several developing countries is causing more than passing concern to the Caribbean beneficiaries of the pact...

Under orders of a newly re-organised Mafia clan. Worries were growing among anti-Mafia forces amid allegations that dozens of telephone calls, including those used by Judge Giovanni Falcone, had been subject to wire-tapping...

FINANCIAL TIMES Published by the Financial Times (Europe) Ltd, Finsbury Canal, London, EC2A 4PU. Telephone (01) 553355. Fax (01) 553355.

Egypt may buy 8 UK submarines

By Tony Walker in Cairo

EGYPT is in the final stages of negotiating the purchase of two Oberon class submarines from private interests in the UK as part of an overall plan to modernise its fleet, according to defence officials in Cairo.

The sale, including extensive refit, could be worth up to \$75m. Egypt is thought likely to use American defence aid grants to help fund the refit. Egyptian plans call for the purchase of up to eight Oberon submarines within the next ten years as these class come on the market. The Royal Navy is gradually mothballing its fleet of Oberons and offering them for private tender.

Egypt, which has the largest submarine fleet in the Arab world, is believed to have decided to phase out some of its antiquated and noisy Soviet and Chinese supplied Whiskey and Romeo class vessels. The country's large foreign debt means that limited funds

are available for new defence equipment and Cairo is understood to be offering barter arrangements for the submarine purchases. Among the commodities it is believed willing to trade are cotton and aluminium.

The Oberon submarines have been a highly reliable and quiet vehicle for the Royal Navy over the past 25 years. They are being phased out to make way for the new Upholder class.

Egypt's purchases of defence equipment have slowed in recent years, partly because of the country's economic crisis. But the military clearly attaches importance to preserving Egypt's regional advantage in submarine warfare capabilities.

Meanwhile, Israel is reported to be reconsidering its decision not to go ahead with the purchase of two diesel-powered submarines from West Germany.

Egyptian strikers bear the brunt of singleminded Cairo

Tony Walker on why IMF talks 'must not' be endangered

SWIFT and punitive action taken last week by the security forces against strikers at Egypt's Soviet-built Helwan Iron and Steel works was a sign of the government's determination to crack down hard on any hint of worker unrest, pending conclusion of delicate IMF negotiations.

According to those present, the security forces used tactics that would not have been out of place on the battlefield in their efforts to break-up a "sit-in" strike that was disrupting output at the huge complex that employs some 26,000 workers.

One worker was killed by gunfire - he was reported in the official press to have died of a heart attack - and 15 others injured in the melee that followed the police intervention. Armoured vehicles and tear gas were used in the raid on the complex 30km south of Cairo. It was the worst case of industrial violence since President Hosni Mubarak came to power in 1981.

Harsh tactics

The tactics employed were characteristic of the government's approach to any hint of civil disobedience since the appointment in 1986 of the tough Major General Zaki Badr as Interior Minister. A notable target of his attentions has been Muslim fundamentalists, thousands of whom have been arrested.

The government is particularly sensitive now to any sign of civil disobedience as Egypt grapples with severe economic problems, including rising prices, unemployment and shortages of some commodities. The broad left represented by the Tugamma party is already agitating against an IMF accord which, it claims, will further depress living standards.

Mr Rihaat el Said, Secretary General of the Tugamma said yesterday that because of worsening economic conditions and the impact on worker's well-being they "can't do anything but strike." He said that the relatively free rein allowed to the opposition press in Egypt "gives you the right to blow but this doesn't achieve anything."

The government, through the official press, has sought to portray the Helwan strike as a localised disturbance caused by communist and Muslim extremist agitators among a minority of workers. It says the immediate cause was the suspension of two worker representatives from the worker-management board in a dis-



Mubarak: battered economy

pute over the distribution of bonuses. Mr el Said insisted, however, that the Helwan strike was symptomatic of a widespread discontent in the workforce over falling living standards. He predicted there would be other disturbances.

The authorities have detained a number of workers, and are pressing charges against 82 of them. The workers are accused of damaging property, resisting arrest and "abstaining from work." The government claims that the strike cost the company E£m(\$2.3m) in property damage and lost production.

Under Egypt's emergency law, in force since the assassination of President Anwar Sadat in 1981, strikes are barred. But this has not prevented sporadic industrial unrest in the textile sector, Egypt's biggest employer of labour.

Electoral failure

Mr el Said said that in spite of the lack of electoral success of the broad left - the Tugamma party failed to win a seat at the last People's Assembly election in 1987 - there was no interest in Egypt at this stage in establishing an independent trade union body to replace the present government-dominated Egyptian Federation of Trades Unions.

He blamed the left's lack of electoral success on rigged ballots. He said the organisation was concentrating its efforts on strengthening its position in union organisations and was achieving success.

Egypt's negotiations with the IMF are at an advanced stage. A letter of intent is expected to be signed this month opening the way for a second Paris Club rescheduling of some \$10bn of official debt. The IMF is asking for further reductions in subsidies, and interest and exchange rate reform.



Chadli: central role

Hostage crisis tests Algerian mediators' skill

By Victor Mallat

FEW people were surprised to find Algeria immersed in the tortuous negotiations over the weekend aimed at resolving the Middle East hostage crisis.

Ever since Algeria mediated between Iran and the US to secure the release of 52 US diplomatic hostages from Tehran in 1981, the country has earned a reputation for skilful diplomacy in a region prone to extremism and violence.

Algeria's role as go-between has been shaped both by its revolutionary history and the outstanding quality of its diplomatic troubleshooters.

After the vicious war which culminated in independence from France in 1962, Algeria joined the ranks of the radical

Arab states and was accused of sheltering and supporting terrorists. It was friendly with Iran, Libya and Syria, and with Palestinian hardliners.

Under President Chadli Benjedid for the past decade, Algeria has broadened its horizons by reaching out to moderate Arab states, Europe and the US - but without losing its standing among its old revolutionary allies.

The breadth of Algeria's contacts has been complemented by the astuteness and courage of its negotiators. One of the most prominent is Mr el-Hadi Khediri, the minister who helped resolve last year's hijack of a Kuwaiti airliner and contributed to release of

French hostages in Lebanon. He mediated over the hijack of a TWA aircraft in 1985 and over US embassy hostages in Tehran four years earlier.

In 1982 Algeria lost some of its finest negotiators when an aircraft carrying Mr Mohammed Benyahia, the Foreign Minister, was shot down between Baghdad and Tehran on a shuttle mission aimed at ending the Gulf war.

More recently another Algerian, Mr Lakhdar Ibrahim, a former ambassador to Britain, has tried repeatedly to bring peace to Lebanon as one of the Assistant Secretaries General of the Arab League.

In Beirut last week, it was the turn of Mr al-Khaled al-

Hasnawi, the Algerian ambassador to Lebanon. Among those he met as Algeria mediated in the hostage dispute were leaders of Hizbollah, the Iranian-backed organisation thought to be behind most of the kidnappings of Westerners.

One group linked to Hizbollah announced the hanging of US hostage Lt Col William Higgins last week. Another group threatened to kill Mr Joseph Cicippio, an American accountant, in retaliation for Israel's kidnapping of Sheikh Abdul Karim Obeid, a Hizbollah leader in southern Lebanon.

The threat has now been suspended. "I pleaded with them (Hizbollah) to prevent the execution of

Cicippio," Mr al-Hasnawi said. "I asked them to be patient and exert self-control and not to take drastic measures."

Mr al-Hasnawi - who as ambassador to Kuwait was involved in the talks over last year's hijacking of a Kuwaiti Boeing 747 - said Algeria had responded to a request from President George Bush last week and had sent a team of negotiators to talk to the kidnappers. "The hostage issue has started to unfold," he told Reuters on Friday.

Another envoy, Mr Marrack Gouling of the United Nations, who has been in Beirut to ascertain the fate of Col Higgins, paid tribute to the efforts of Algeria.

Bush wins backing from Americans for handling of affair

By Peter Riddell, US Editor in Washington

PRESIDENT George Bush has so far been given general support by the US public and politicians for his handling of the Lebanon hostage affair, though there is widespread pressure for tougher action.

A poll conducted last Wednesday and Thursday for the Washington Post and ABC News shows that 47 per cent approved of Mr Bush's handling of the situation and 35 per cent disapproved.

However, the poll, which was mainly taken before the freezing of the execution threat against Mr Joseph Cicippio, indicates that 51 per cent of the sample believed that Mr Bush's reaction had not been tough enough. Around 35 per cent believed his conduct had been about right.

These findings tie in with the views of many Congressmen, including Democratic leaders, whose public com-

ments have generally been supportive of the president, in part because they have been kept fully informed by him.

Yesterday both Senator George Mitchell, the Democratic Majority leader, and Senator Robert Dole, the Republican Minority leader, backed Mr Bush's stand and said the US should be prepared to take military action if further American hostages were killed. Senator Mitchell stressed that no

course of action was risk-free and hoped that, in addition to Iran, more emphasis would be given to the role of Syria in Lebanon.

Senator David Boren, the Democratic chairman of the Senate Intelligence committee, said that Mr Bush had struck "exactly the right balance between using diplomatic channels and making it clear that his options are open. He's moved some military forces

into the region. He's obviously preparing himself physically to take other action."

Nevertheless, there is a considerable undercurrent of frustration - both specifically about the constraints on US intelligence in pinpointing the hostage-taking groups and generally over the impotence of a super-power in such a situation.

While there has been some easing of tension in the past

few days, calls for military action against both the hostage-taking groups and its Iranian sponsors have not gone away.

A number of conservative Republicans have expressed concern that the administration's response over the past week has provided no penalty to the hostage-takers from seizing further Americans even if those currently in captivity are released.

You need a big wheel for a grand view.

Since camcorders must be compact, conventional units normally use a cylinder with a small radius for playback and recording. But Hitachi remain committed to the grand view. So they put in a big "wheel" for a richer, more complete picture of the real world.

To find the space in a camcorder for the full size cylinder, parts had to be reduced by 30 percent. This dramatic reduction demanded true interdisciplinary technological expertise. Hitachi's hybrid IC design and manufacturing capabilities were essential. Equally vital were expertise in mechanical devices, in macro and micro level electronics, and the ability to flawlessly integrate these technologies for a specific target.



Hitachi VM-57200S Super VHS Camcorder

Whatever the product, from camcorders to super-computers, from home appliances to custom-made VLSIs, Hitachi have the same philosophy. This philosophy is based on practical applications of our proprietary technologies so that each feature, major and minor, is designed with every other feature in mind. The result is in-depth integration, guaranteeing the special quality which is the hallmark of Hitachi.



THERE'S ONLY ONE GIN FOR THE WELL-INFORMED.

HITACHI

Hitachi Sales (UK) Ltd.
Hitachi House, Station Road, Hayes
Middlesex UB8 4DR
Phone: 01-848 8787
Fax: 01-841 4555

OVERSEAS NEWS

Mujahideen chief puts forward plan for Kabul coup

By Christina Lamb in Peshawar

GULBUDDIN Hekmatyar, the most extreme of the seven Afghan resistance leaders, has proposed collaboration with senior Afghan army officers in a plan to replace the Soviet-backed regime of President Najibullah with a Revolutionary Council of commanders from around Kabul.

UN team to monitor Cambodia withdrawal

A UN team arrived in Bangkok yesterday on its way to Cambodia to determine how to set up an international body to monitor the Vietnamese troop withdrawal that is a key to a proposed solution to the Cambodian problem, AP reports from Bangkok.

The 15-member team is to fly to Cambodia today, and return after a week to hold talks with Thai authorities and visit the Thai-Cambodian border, according to its leader, Lt-Gen. Martin Vadeset of Norway. The team was sent by the just-completed Paris conference on Cambodia, and will report back later this month.

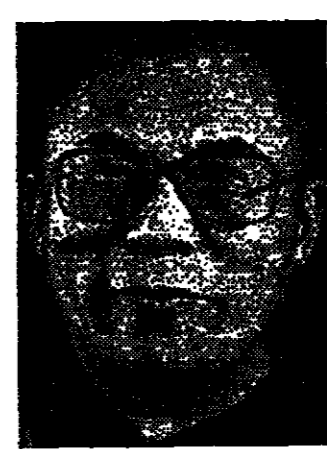
Dalai Lama's reconciliation hopes recede

Exchanges have dried up since the Tiananmen massacre, Peter Ellingsen reports

THE possibility of a reconciliation between Peking and Tibet's exiled leader, the Dalai Lama, has receded following the revival of conservative policies in China and the triumph of orthodox hardline figures over reformers in the Chinese leadership.

The Tibetan capital, Lhasa, like Peking, remains under martial law, and Mr Tashi Wangdu, the Dalai Lama's foreign affairs spokesman, believes the Chinese military will have to withdraw before any real progress can be made on ending the 30-year stalemate with the Dalai, whom Tibetans regard as a god-king.

Ten Tibetans have been jailed for rioting, destruction of property and "counter-revolutionary" activities during anti-Chinese protests, Xinhua, the state-run news agency reported yesterday.



The Dalai Lama: China this week offered to meet him - but only on its own terms

"There is no way out for the few separatists to advocate independence for Tibet and go on stirring up riots," he said. The Dalai Lama should endeavour to establish "good relations" with Peking, without mentioning the offer to meet in Hong Kong, Mr Ngapoi added.

The anti-apartheid protesters return

This time, the approach will be different, Patti Waldmeir writes

DURING the three years of South Africa's state of emergency, the country's anti-apartheid opposition has grown unaccustomed to success.

Ministers meet as row over S Africa sports tours grows

By Chris Sherwell in Sydney

MOUNTING controversy over proposed cricket and rugby tours of South Africa has led to a meeting of eight Commonwealth Foreign Ministers in Canberra to discuss intensified sanctions against the Pretoria government.

The development escalated the controversy over plans for a world cricket and rugby tour of South Africa during the next two northern winters. The plans, revealed last week, were greeted with shock from the English cricket establishment and outrage from the anti-apartheid lobby.

Angry demands for a response could overshadow the Canberra meeting's more serious debate on financial and trade sanctions against South Africa. The ministers are due to consider a specially-commissioned report said to urge a full embargo on trade for five years.

They will also receive a report on South Africa's desecration of its neighbours, and consider how to strengthen the existing arms embargo. The financial sanctions imposed by the world's commercial banks will receive separate endorsement through the launch of a book based on an official Australian report denouncing the process.

NY brings a queen down to earth

The city is gripped by the Helmsley 'show trial', writes Janet Bush

A TATTY old man wandered confused through the corridors of the Federal District Court in Manhattan with the sole hope of retribution on his mind. "Can you tell me where the Helmsley trial is?" he asked.

WORLD ECONOMIC INDICATORS

RETAIL PRICES (1985=100)

Table with 5 columns: Country, July '89, June '89, May '89, July '88, % change over previous year. Rows include W. Germany, Belgium, Italy, Netherlands, France, UK, USA, Japan.

Leona Helmsley flanked by her lawyer as she leaves court

brassieres from Macy's for \$10.12 and \$14.12. She returned the lead to the court heard to great hilarity.

Leona Helmsley flanked by her lawyer as she leaves court

Charged with evading taxes by getting the hotel business to pay for a cornucopia of luxuries for her \$11m mansion, the jury has been treated to ever more titillating insights into her extensive taste.

Leona Helmsley flanked by her lawyer as she leaves court

Endless stories over the years of summary dismissals, the lead turned out to be an inspired defence, Mr Fetter told the jury: "The prosecutors are going to get you to try and baffle Mr Helmsley but you don't put people in jail for being unpopular."

Leona Helmsley flanked by her lawyer as she leaves court

How are the mighty fallen. In the old days, a smiling Leona featured in advertisements for the Madison Avenue Helmsley Palace Hotel with the slogan "The only palace in the world where the Queen stands guard."

To the Holders of TIPCO FINANCE N.V.

8 1/4% Convertible Subordinated Debentures Due 1996

NOTICE OF PROPOSED PLAN OF REORGANIZATION FOR TEXAS INTERNATIONAL COMPANY

On August 26, 1989, Texas International Company filed a Voluntary Petition under Chapter 11 of the United States Bankruptcy Code in the United States District Court for the Western District of Oklahoma City, Oklahoma. The United States District Court for the Western District of Oklahoma City has appointed a Receiver to represent the interests of the unsecured creditors, including the Holders of these Debentures. The Receiver has also appointed an Official Committee of Equity Security Holders to represent the interests of the shareholders and warrant holders.

Virgin Atlantic now fly to JFK as well as Newark.



If you're out to scale the heights of New York you need every little advantage going.

So fly Virgin Atlantic Upper Class direct to either Newark or JFK. We're the only airline that flies direct to both.

Why not fly in to one, fly out from the other. But wherever you're heading, uptown or upstate, you won't arrive uptight.

After all, you'll have a chauffeur driven car to ferry you to and from the airport. The first 40 miles are on us to boot.

And once on board, the pampering really

starts. On Upper Class we give you 15" more legroom than our competitors to help you feel really laid back.

We offer personalised videos with a selection of 100 top films to help you switch off. And the widest choice of meals of any business class to turn you on. All provided by cabin staff famous for being cheerful and attentive yet informal.

In addition you have a choice of on-board bars and lounges where you can relax or spread out and work.

Finally, to top it all, we give you a free Economy Class standby ticket, to either use yourself or give to someone else.

In fact Virgin's service has proved so superior that last year we were awarded the three most coveted business travel awards.

It's no wonder that every other airline is trying to ape us.

For full details, a brochure and reservations call us on 0293 551616 or see your travel agent.

The Businessperson's favourite airline.



atlantic

JFK service commences Aug. 30 1989.

August 1989
 ade
 ports
 out for
 the
 as
 rica
 ows
 CATORS
 N.V.
 PLAN
 FOR
 COMPANY
 NEDERLANDS

UK NEWS

Sky races ahead of BSB in satellite TV stakes

By Raymond Snoddy



Rupert Murdoch appears to be winning battle

MR RUPERT MURDOCH'S Sky Television appears to be winning the publicity battle against its satellite television rival British Satellite Broadcasting...

tor exaggerated this year by sustained hot weather. The 127,000 total, which excludes those viewing satellite channels on cable television networks...

Welsh lead for group in telecoms licence bid

By Hugo Dixon

CITIBANK, the US commercial bank, and C Rob, Japan's leading trading house, are joining a small Welsh electronics company...

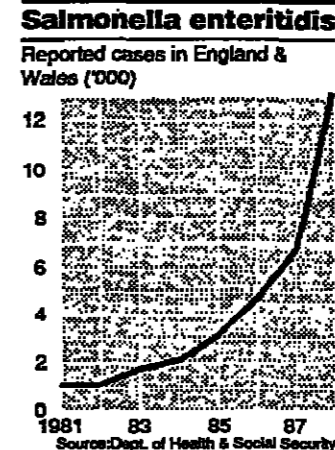
No joke for funny tummy cases

Lisa Wood on latest moves to end the rise in food poisoning



Sir Donald Acheson: revealed sharp rise in cases

THE "funny tummy" has traditionally been a feature of venturing across the English Channel...



such as take-away foods, chilled ready-prepared foods and cold snacks, he said.

Murdoch's use of media attacked

By Raymond Snoddy

BRITISH Satellite Broadcasting yesterday called on the Government to reconsider its position on cross-media ownership...

advertising agency, said that Sky Television spent £4.6m at full-rate card prices, with News International titles...

Video link for lawyer makes legal history

By Raymond Hughes, Law Courts Correspondent

LEGAL and telecommunications history will be made today when the first video conference is held between a London barrister and his clients 200 miles away...

Equities overvalued, says Phillips & Drew

By the Financial Staff

HIGH dealing activity and "short-termism" have persisted in some pension funds since the 1987 stock market crash...

PHILIPS & DREW's annual guide to investment perspective.

The book highlights the excellent investment performance by equities over the long term...

cash returns on equities and cash are likely to be sustainable for the future over the long term...

Number of overseas students rises

By Joel Kibazo

THE NUMBER of overseas students studying full-time at British universities and polytechnics rose by nearly a fifth in the period from 1984 to 1987...

China grew throughout the period, reaching 1,074 by the end of 1987.

In spite of the increase in overseas student numbers, the total still lags behind the peak year of 1978, when almost 70,000 overseas students studied in Britain.

Young confident in spite of high interest rates

By Ralph Atkins, Economics Staff

THE YOUNG remain the most confident consumers in spite of high interest rates and the slowdown in the economy...

Pensioners' income rises 23% in seven years

By Eric Short, Pensions Correspondent

THE AVERAGE net income of pensioners in the UK has risen by 23 per cent in real terms between 1979 and 1986...

From October, all disabled pensioners and other pensioners aged 75 or over - some 2.5m people - will receive an additional state pension...

International fur trade scurries away from City

By Maurice Samuelson

THE INTERNATIONAL fur trade, which has thrived in the City of London for more than 300 years, is slipping out even faster and more conclusively than the press abandoned Fleet Street...

son's Bay Company fortunes were founded on the great Canadian "fur forest", it is now primarily involved in oil and gas property banking and retailing...

Economics likely to generate Hinkley verdict

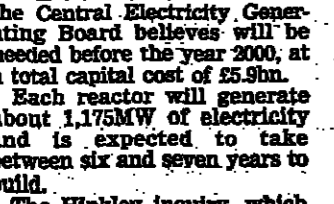
David Green looks at factors which may influence the outcome of the public inquiry

THE public inquiry into plans for Britain's second pressurised water reactor (PWR) nuclear power station has entered its final phase...

On Mr Michael Barnes QC, the inquiry has the difficult job of deciding whether or not to recommend that the proposed Hinkley Point C plant should be built.

On the evidence presented at the Hinkley hearing, building another nuclear power station is likely - under privatisation of the electricity supply industry - to be uneconomic in a straight comparison with the costs of coal-fired electricity generation.

Both sides in the inquiry accept that investors will demand a higher rate of return from nuclear power because of higher financial risks, including the uncertain cost of decommissioning stations.



Michael Barnes will not take final decision

steps to reduce environmental impact, such as the burying of new power lines which would be necessary if the plant is built.

While the genetic safety of the PWR has been challenged, few issues have been identified further to those raised during the 27-month inquiry into Sizewell B, Britain's first PWR, under construction in Suffolk.

Early in the inquiry the inspector rejected a CEBG submission that it was not necessary, in view of the non-fossil fuel requirement, to compare the costs of nuclear power and coal-fired generation.

Neither of the latter seem destined to prevent a favourable recommendation although objections have been pressing for an extension of the emergency evacuation zone and

to the government's safety of the PWR has been challenged, few issues have been identified further to those raised during the 27-month inquiry into Sizewell B...

While the genetic safety of the PWR has been challenged, few issues have been identified further to those raised during the 27-month inquiry into Sizewell B...

Early in the inquiry the inspector rejected a CEBG submission that it was not necessary, in view of the non-fossil fuel requirement, to compare the costs of nuclear power and coal-fired generation.

International fur trade scurries away from City

By Maurice Samuelson

THE INTERNATIONAL fur trade, which has thrived in the City of London for more than 300 years, is slipping out even faster and more conclusively than the press abandoned Fleet Street...

Young confident in spite of high interest rates

By Ralph Atkins, Economics Staff

THE YOUNG remain the most confident consumers in spite of high interest rates and the slowdown in the economy...

Economics likely to generate Hinkley verdict

David Green looks at factors which may influence the outcome of the public inquiry

THE public inquiry into plans for Britain's second pressurised water reactor (PWR) nuclear power station has entered its final phase...

Video link for lawyer makes legal history

By Raymond Hughes, Law Courts Correspondent

LEGAL and telecommunications history will be made today when the first video conference is held between a London barrister and his clients 200 miles away...

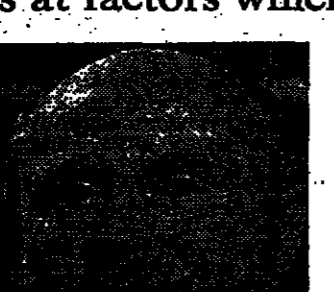
Equities overvalued, says Phillips & Drew

By the Financial Staff

HIGH dealing activity and "short-termism" have persisted in some pension funds since the 1987 stock market crash...

Salmonella enteritidis

Reported cases in England & Wales (000)



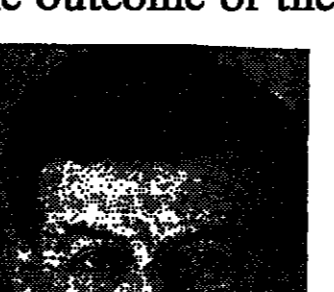
Equities overvalued, says Phillips & Drew

By the Financial Staff

HIGH dealing activity and "short-termism" have persisted in some pension funds since the 1987 stock market crash...

Salmonella enteritidis

Reported cases in England & Wales (000)



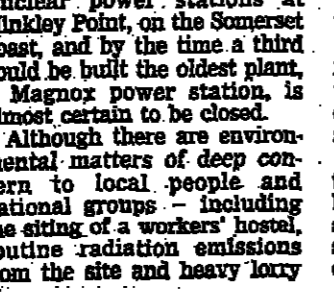
Equities overvalued, says Phillips & Drew

By the Financial Staff

HIGH dealing activity and "short-termism" have persisted in some pension funds since the 1987 stock market crash...

Salmonella enteritidis

Reported cases in England & Wales (000)



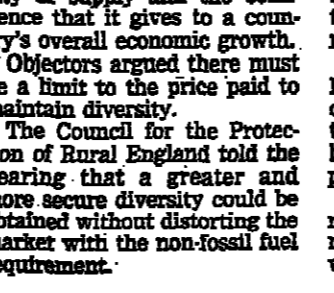
Equities overvalued, says Phillips & Drew

By the Financial Staff

HIGH dealing activity and "short-termism" have persisted in some pension funds since the 1987 stock market crash...

Salmonella enteritidis

Reported cases in England & Wales (000)



Shand Committed to Construction

Shand Construction Ltd. Sherd House, Mettick Derbyshire DE4 3AF

University medical buildings

The eastern region of WIMPEY CONSTRUCTION UK has been awarded a £9m contract by Oxford University...

The development will comprise three wings totalling some 7,240 sq metres in five and six-storeys...

Start-up industrial units

Property developer Bridge Gate Developments has awarded design and build contracts totalling £5m to HEWGATE CONSTRUCTION.

These include a 40,000 sq ft speculative development of 20 B1 start-up light industrial units on the Bridge Gate Business Park in Aylesbury.

The units are accommodated within a series of three two-storey buildings being constructed partly in brick and horizontal sheet cladding on a steel framework.

Work is also about to start on a 38,000 sq ft high-technology business complex on the Foxholes Industrial Estate in Hertford.

When completed in October, the complex will include 15 B1 freehold business units ranging in size from 1,000 sq ft to 4,000 sq ft.

CONSTRUCTION CONTRACTS

Business park project in Marlow

LOVELL DEVELOPMENTS has begun the first phase of the redevelopment of its Thames Industrial Estate at Marlow, Bucks.

Originally occupied by timber yards, the 12-acre site has been managed by Lovell Developments as an industrial estate since the early 1970s.

Better health facilities in Yorkshire

JOHN LAING CONSTRUCTION has won nearly £20m orders in Yorkshire. The largest is a £14m contract awarded by Trent Regional Health Authority for the north block of Sheffield's Northern General Hospital.

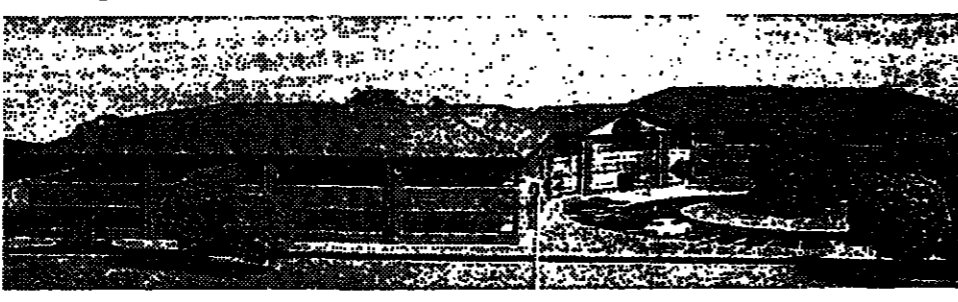
Spread of work for Tarmac

Civil engineering and building projects worth about £14m have been awarded to TARMAC CONSTRUCTION. They include a £2.8m contract for designing and building roads and sewers on a business park development at Coleshill, Birmingham.

Housing schemes in Glasgow

FAIRCLOUGH has three contracts totalling £4.5m for housing schemes in Glasgow. For Jamaica Street, the company is building a seven-storey block of flats in West Graham Street which will provide 79 one, two, and three-bedroom flats on five floors above two floors of car parking.

English China Clays laboratory



This model is of a 74,000 sq ft central laboratory SCIENTIFIC LESSER is building for English China Clays on an 11 1/2 acre site at the new St Anstett Business Park. Work on the £8m contract has started, and the facility is expected to be operational by the spring of 1991.

FINANCIAL

TODAY COMPANY MEETINGS- Equity Censor Inv. Trc. New Court, 51 Swinburn Lane, E.C., 10.00

THURSDAY AUGUST 10 COMPANY MEETINGS- Berkeley Grp., Old House, 4 Heath Road, Waybridge, 10.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

COMPANY MEETINGS- West 1st, 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

FRIDAY AUGUST 11 COMPANY MEETINGS- Aberfoyle Hdg., Globe House, 4 Temple Place, W.C., 11.00

DIARY DATES

Trade Fairs and Exhibitions: UK

August 13-17 Gifts Fair (0473 832053) Have Town Hall
August 17-20 Antiques Fair (04447 2514) Kennington Town Hall
August 22-23 Town and Country Festival (0453 555565) Kenilworth

Overseas Exhibitions

August 25 - Sept 1 World Fair for Beverage Technology - DRINKTEC-INTERBRAU (01-948 5166) Nantes
August 25 - Sept 3 International Audio and Video Fair (01-680 7251) Berlin

Business and management conferences

August 21-25 Management Centre Europe: The fundamentals of finance and accounting for non-financial managers (02-945 18 11) Brussels
September 6 Tolley Conferences: Payroll manager's review third annual updating conference 1989 (01-680 5565) London Press Centre

FINANCIAL TIMES CONFERENCES

RETAIL FINANCIAL SERVICES London, 2 & 3 October, 1989
After a two year interval this conference is being held again in London and the agenda is remarkably full. The impact of the Single European Market on the retail financial services industry will be the principal theme of the opening day and the outlook in the United Kingdom, where the competition is increasing every day, provides the focus of the second day.

INCENTIVE TRAVEL The Financial Times proposes to publish this survey on: 26 SEPTEMBER 1989
For a full editorial synopsis and advertisement details, please contact: JEREMY M BAULF on 01-373 4026

THE SIMPLEST MISTAKES CAN RUIN A SLIDE PRESENTATION.

There's nothing as embarrassing as a slide mounted upside down. Or back to front. It can ruin everything. That's why every slide we produce is double-checked. For content, for colour, for legibility. We're The Presentation Company. Call us on 01-831 3630 and we'll help turn around your next presentation.



EUROPEAN SMALLER COMPANIES FUND

SICAV Luxembourg, 11, rue Aldringen R.C. Luxembourg No B 20893

Notice to the Shareholders

Messrs Shareholders are hereby convened to the Extraordinary General Meeting of Shareholders to be held at the registered office of the Company on August 23, 1989 at 3.00 p.m. with the following agenda:

- Agenda 1. Decision to change the investment restrictions of the Company, so as to adjust these pursuant to legal requirements for the registration of the Company as an Undertaking for Collective Investment in transferable securities (UCITS) in accordance with the Luxembourg Law of March 30, 1988.

The Shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the Extraordinary General Meeting and resolutions will be passed by an affirmative vote of two thirds of the shares present or represented at such Meeting.

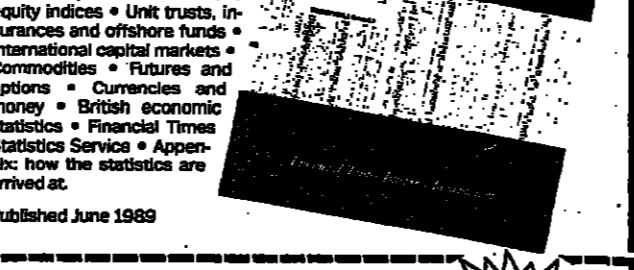
Making the FT work even harder for you

A GUIDE TO FINANCIAL TIMES STATISTICS

Are you getting 100% out of your daily newspaper - or only 75%? The Financial Times provides the best and most comprehensive range of financial and economic data of any British newspaper. And almost 25% of it is devoted to statistics. Designed to help you get the most out of the pink pages, A GUIDE TO FT STATISTICS will help both the lay reader and the professional investor alike.

This new edition will help you to find the figures you need, to understand how they are arrived at, and how they should be read.

Written by FT journalists who are experts in their fields, each chapter has been extensively updated and reorganised to reflect the FT's new approach to its statistical coverage.



ORDER FORM

Please return to: (Mail order address only) The Marketing Dept., FT Business Information 7th Floor, 50-54 Broadwalk, London SW1H 0DB. Tel: 01-753 2022. Telex: 527282.

Table with columns: Office Use, Title, Qty, UK Price, Overseas Price. Row 1: 4777 0153, A Guide to FT Statistics ISBN 185334 028 6, £12.95, £14.50/US\$29.00

I enclose my cheque value £/\$US... made payable to FT Business Information. I wish to pay by credit card (mark choice): Visa Access Amex. Card No: ... Exp. Date: ...

MANAGEMENT

A theory confounded

Managers who prove to be craftsmen

Michael Dixon assesses some research which finds that executives do not work to a blueprint but use their intuition

The surviving executives of the previous chief's fierce cost cuts stiffened in their seats. "Right then, here's what I'm going to do," his successor declared.

His reputation as a man of action had arrived before him, and with the business in decline they were prepared to hear the worst.

Indeed they had been surprised when, instead of snapping out his own diagnosis and prescribed cure at the start of his first senior managers' meeting, he had invited and evidently listened to their views. But now the moment of decision had come.

"As from this instant," the decision-maker went on, glancing at his watch, "I'm going on holiday for three weeks. By the time I get back, I expect you to have worked out a strategy for turning the company round."

That chief executive is one of 14 heads of UK businesses who, in return for a promise of anonymity, have just taken part in a controversial research study together with their top management teams. In their most recent financial years, they presided over a combined turnover of £34.5bn of which pretax profits averaged 13 per cent.

The study of the chiefs and their right-hand colleagues - about 50 executives in all - is controversial because it bucks the trend in business-school thinking about managerial work.

"While hardly anyone now supposes management to be an exact science, it's still largely seen as a straightforward craft," says Professor Iain Mangham of Bath University's

management school who led the research. "Good managers are thought to have a clear mental blueprint of the future result they want, and a set of self-contained skills called 'competencies'. They use the competencies like a mechanic uses tools to arrive at the result specified by the blueprint."

At the top level, for example, the skills would be of two main kinds. One would be strategic competencies such as the foresight to spot what the organisation's aim should be, and the analytical skills to plan the best broad way of achieving it. The other kind would be tactical competencies including the communications skills to persuade the employees to follow the plan, and the knowledge of finance, marketing and so on to control progress.

"The craft view is convenient for people like me," the professor adds. "It implies that provided people have the right aptitudes for the work, they can be made into good managers by sending them on courses - not least in management schools."

It was with the craft view foremost in mind that he and

two colleagues, Annie Pyle and Susan Abbotson, set out on the study with a £40,000 grant from the Economic and Social Research Council. By detailed questioning of the 50 executives, the Bath trio planned to establish what sorts of competencies contributed to good performance at senior level, in which ways they might be linked with company success, and how they could be assessed and developed.

"So much for planning," Mangham sighs.

The search for what he now calls the "identikit manager" proved futile.

Although the executives are undeniably good at all aspects of their jobs, their overall competence could not be traced back to specific competencies. Far from being able to tell whether the skills in use at any one time were strategic or tactical, the researchers found no evidence to support even the basic assumption that managers operate by first thinking out what to do, then doing it.

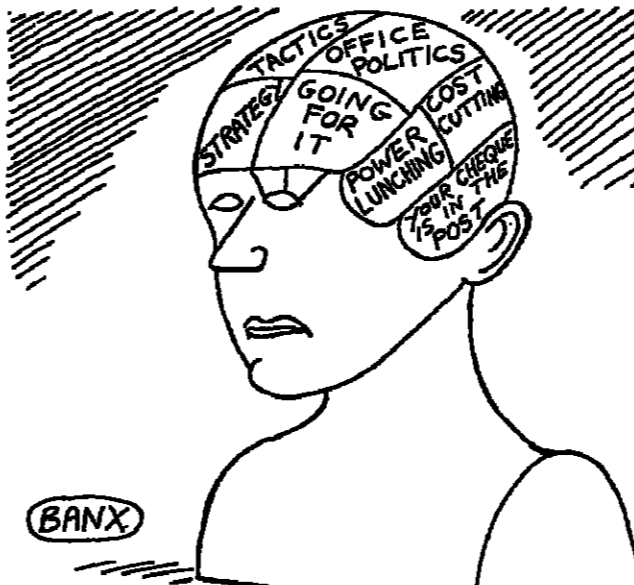
"Given that so much managerial work is done in the mind rather than just planned in it - negotiating is an example - an outside observer can hardly

expect to spot which is happening," says Mangham. "But the executives themselves make no distinction between the two."

"To them, thinking and doing are inextricably intertwined. And while they use their minds intuitively as well as rationally, they don't do a spell of reasoning followed by a spell of intuiting. They do both at the same time. Perhaps that's why they're not stumped by what some managers would see as paradoxes, like a need to improve product quality while cutting costs. Their answer might be to have fewer employees each responsible for raising the quality of their part of the process."

Another finding was that the executives did not look on themselves as general managers with the ability to run pretty well any organisation regardless of its circumstances. They rejected the idea that they were guided by widely applicable "management principles". Their main guide was a series of object-lessons they had learned, like apprentices, from managers they had worked for in the past.

Nor, in most cases, did they see themselves as individual



operators. Top management, in their typical view, consists of teamwork.

Even so, the study showed that the members of a particular company's team each tended to have a different "style" - defined as a characteristic overall approach. "The fact that executives have particular styles doesn't mean they always make the same response to the same kind of challenge," the professor adds.

"Take, for example, the new chief who took a holiday and left the managers he'd inherited to frame the recovery plan - which worked, by the way. He'd never have made his own plan before consulting them."

"That's not his style. But he

International management comes to Kiev

By Michael Skapinker

THE INTERNATIONAL Management Institute in Geneva has built up a formidable international reputation. The International Management Institute in the Soviet Republic of the Ukraine hopes it can do the same.

IMI-Kiev, which opened its doors last month, is a joint venture between IMI-Geneva and the Institute of Economics of the Ukrainian Academy of Sciences. The chief negotiator for IMI-Geneva was Bohdan Hawrylyshyn, its former director who was born in the Ukraine.

Bringing management education to eastern Europe has been a long-standing goal of several western business schools. Last April, the London Business School ran a course in the UK for 20 Soviet managers. LBS claimed that its programme was the first offered to Soviet managers by a western business school.

IMI-Kiev is still recruiting for what it hopes will be an international faculty. Its teaching languages will be Ukrainian, English and Russian.

The school will offer a one-year Masters of Business Administration degree to managers with at least three years' experience. It will provide shorter courses for more senior managers. It will also offer research and consulting services to other educational institutions and to individual firms.

Professor Oleh Bilorus, the acting director of the new institute, says that *perestroika* has brought with it a new Soviet attitude towards management. "Management of industrial production has ceased to be a political issue and is no longer regarded as an exclusive feature of capitalism. It has been admitted that the laws of scientific management are the same for any society," he says.

He adds that "those Soviet concerns which go international without knowledge of scientific and applied management may go bankrupt and do great harm to this country's national economy."

At the beginning of next year, IMI-Geneva is to merge with Imede in Lausanne. The merged school, the International Institute for Management Development, will continue the association with IMI-Kiev.

The commercial university of Uppsala

Peter Marsh reports on Pharmacia's research strategy

trying scientific work to commercial objectives. Although not a major force in the world drug industry, it is one of the leaders in biology-based instrumentation such as chromatography and protein analysis.

It also has a good position in medical diagnostics, which is based on kits of chemicals for identifying physiological conditions linked to disease.

The important job of co-ordinating Pharmacia's broad spread of scientific activities, and of meshing these with business goals, belongs to Elov Johansson, the company's 52-year-old R&D director.

He is in charge of 1,600 scientists and other research workers whom Pharmacia employs - half of them

at the company's headquarters at Uppsala and the rest in centres in Finland, the US, Japan and Britain.

Johansson says that much of the scientific drive of Pharmacia is predicated on the idea of linking research firmly with business. "Another theme is to make a clear distinction between pure research - which his company makes a point of not doing - and product development."

As a result of this policy, Pharmacia, for all the importance it attaches to new scientific ideas, has no centralised research laboratories of its own.

Instead, all 1,600 R&D workers, whose number about 15 per cent of the company's total staff, work in

teams in commercial divisions which also include marketing and sales-support people.

Part of the company's philosophy is to strike up strong links between Pharmacia's scientific and technical workers and educational and research establishments in Sweden. Johansson says his company expects these groups to be thinking about pure science, leaving Pharmacia to get on with the exploitation.

"We (Pharmacia) think of ourselves as the commercial university of Uppsala," he says. "We try hard not to get involved in pure research. What we do is really all about product development."

"You have to understand that the rules and goals involved in these

anyone with a keen interest in the detailed operation of the human body would probably find working as a researcher for Pharmacia, the big Swedish healthcare and instrumentation group, close to paradise.

The company's interests include eye surgery, medical diagnostics, pharmaceuticals and highly complex equipment for analysing or purifying biological materials. Not only is this range of disciplines extremely exciting to the scientific mind, the company backs these fields with unusually large amounts of hard cash.

Pharmacia spends about one fifth of its annual revenues, which last year reached SKr5.9bn (2650m), on research and development (R&D) - a high proportion even by the standards of high-tech sectors like drugs or electronics.

What has made Pharmacia stand out in recent years is its success in

APPOINTMENTS

Chairman of Parsys

- Mr Douglas Stevenson has been appointed chairman and Mr Ian Coburn finance director of Parsys, a THORN EMI subsidiary. The company was formed last year to commercially develop and market the Superio 1000 series of high-performance transputer-based parallel computers developed under the ESPRIT programme. Mr Stevenson will retain his present post as chief executive of Software Sciences, a sister company. He was chief executive of INMOS until its sale to SGS-Thomson earlier this year. Mr Coburn was Thorn EMI's manager of management information services.
- SD-SICOM has appointed Mr Frederick Adelman as group chief accountant, and to the European board. He joins from Charter Consolidated.
- NORWICH UNION INSURANCE has appointed Mr Sean White as national sales manager (appointed representative).
- Mr A. Lessor has been appointed a director of LLOYD THOMPSON.
- Mr W.M. Houston, managing director of BP Energy, has been appointed chairman of the COMBINED HEAT AND POWER ASSOCIATION.
- Mr Gary Noon has been appointed vice-president, UK pharmaceutical division, E.R. SQUIBB & SONS. He was managing director of the division.
- CLIFFORD CHANCE has appointed Mr Rodney Short to the Paris office and Mr Peter Cornell to the Madrid office. Both are international banking partners.
- Mr David Cowie has been appointed chief financial officer and secretary of the MANCHESTER BUILDING SOCIETY. He was director of finance, Lancashire Enterprises.
- Mr David McLachlan has been appointed credit and risk director at MIDLAND MONTAGU, part of Midland Group.
- Mr Tony Newham has been appointed chairman of D.G. DURHAM International, with Mr Nick Morgan as chief executive. Mr Brian Durham is chairman of D.G. DURHAM

Secretary of British Coal

- BRITISH COAL CORPORATION has appointed Mr Martin Shelton as its secretary. He succeeds Mr David Mack who has retired. Mr Shelton was head of the Corporation's information technology department in Doncaster prior to becoming executive secretary for British Coal in June.
- Southgate as director - European marketing. He joins from Citicorp Investment Bank.
- NATIONAL HOME LOANS HOLDINGS has appointed Mr Nigel Terrington as group treasurer - he was divisional director of structured financing. Mr Paul Dare becomes chief operating officer of National Home Loans Bank - he was treasurer of NHLC.
- Mr Robert Wilson has been appointed a corporate finance director in the Leeds office of HENRY COOKE GROUP. He was head, corporate finance department, York Trust.
- Mr Ian Hammond and Mr Francis Moore have been appointed directors of GM Benefit Consultants, a subsidiary of GUINNESS MAHON HOLDINGS.
- Mr Alex Rodger, vice president of THE ROYAL BANK OF SCOTLAND's North America regional office in New York, has been appointed manager and director of The Royal Bank of Scotland (Guernsey).
- Dr Tom Crosswell has been appointed head of the environmental policy department of NATIONAL POWER. He was chief scientist, Ministry of Agriculture, Fisheries and Food.
- Mr Neil Kerr has been appointed to the board of BZW RESEARCH after returning from two years with BZW in Tokyo. He will undertake research into international equities. Mr Christopher Turner, a senior property analyst, also joins the board.
- Mr Robin Kerr has been appointed finance director for BRITISH CREDIT TRUST, the finance arm of the Bank of Ireland. He was credit director.
- W. HAWLEY & SON has made Mr Michael Hall its chairman in succession to Mr Sefton Hawley who died in June.
- Mr David G. Cellidias has been appointed managing director of FLYGT PUMPS, a supplier of submersible pumping plant and equipment. He was marketing director.
- Baron Willem J.R. van Lynden will become general manager of RABOBANK NEDERLAND, London, on September 1. He succeeds Mr Hank G. Gentis who will return to The Netherlands to become deputy head of the international division of Rabobank Nederland in Utrecht.
- At HERCULES Mr E.R.W. Prescott has succeeded Mr J. Garwood as managing director following his retirement.
- Mr Paul Harwood, formerly a director of Mercury Asset Management, has joined NEWTON INVESTMENT MANAGEMENT as a director.
- Mr Paul Fitzgerald has become a director of GT MANAGEMENT (UK).
- Mr Neil Barton has joined GROFFREY OSBORNE as a director. He was general works manager.
- CALLIDUS GROUP has appointed Mr David James as managing director. Mr Andrew Sells as a director and Mr James Heath as financial controller. Mr James was managing director of Fisons-Scientific Instruments Group and Mr Sells a director of Advent, the venture capital company that has provided Callidus with finance.
- GELDERMANN FINANCIAL has appointed Mr Jon



Mr Ed Slater (above) has been appointed to the new post of group managing director of the PREMIER METROPOLIS GROUP. He has been succeeded as financial director by Mr Michael Graham.

Mr John Sadig has joined the main board of VISTA ENTERTAINMENTS as a non-executive director. He remains a director of Manchester Theatres.

Mr Tony Pattimore has been promoted to director and general manager of the FEDERAL EXPRESS SYSTEMLINE. He was operations director.

MINET INSURANCE BROKERS (UK) has appointed Mr Peter Smith, Mr Jeremy Turnage and Mr David Vose to the board. Mr Phil Buckingham has joined the board of J.H. Minet Reinsurance Brokers.

Mr Peter W.L. Morgan, director general of the Institute of Directors, has been appointed a non-executive member of the SOUTH WALES ELECTRICITY BOARD.



Mr Francis Jackson (above) has been made sales director at CROWN CORE COMPANY succeeding Mr Peter Clarke who continues as a non-executive director.

All of these securities having been sold, this announcement appears as a matter of record only.

\$100,000,000

KAY JEWELERS

12% Senior Subordinated Notes due 1999

Drexel Burnham Lambert INCORPORATED

August 1989

MEXICO

The Financial Times proposes to publish this survey on:

OCTOBER 12 1989

For a full editorial synopsis and advertisement details, please contact:

NIGEL BICKNELL on 01-873 3447 or write to him at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES

Gencor General Mining Union Corporation Limited

(Incorporated in the Republic of South Africa) (Registration number 01/01232/06) ("Gencor")

RESULTS OF RIGHTS OFFER

Central Merchant Bank Limited is authorised to announce that:

Gencor ordinary shareholders, convertible preference shareholders and convertible debentureholders and/or their nominees had applied for 19,363,501 new ordinary shares of 40 cents each at 7,500 cents per share when the rights offer of 19,602,932 new ordinary shares closed at 14h30 on Friday, 28 July 1989. Applications represent 96.8% of the ordinary shareholders' convertible preference shareholders and convertible debentureholders' entitlement. The remaining 239,431 new ordinary shares will be taken up by the underwriter.

Ordinary share certificates will be posted by Wednesday, 9 August, 1989.

Johannesburg, 7 August 1989

Merchant bank

Sponsoring brokers

Republic of South Africa
MARTIN & CO. INC.
DAVIS BORKUM HARE & CO. INC.
ED HERN, RUDOLPH INC.
IVOR JONES, ROY & CO. INC.
United Kingdom
JAMES CAPEL & CO.

Central Merchant Bank Limited (Registered office: London EC01 1DQ) (Incorporated in the UK)

LEGAL COLUMN

Finding right niche is name of the merger game

By Robert Rice, Legal Correspondent

AS THE curtain closes on what has been a particularly hectic year for the legal profession, it is a fair bet that as lawyers turn their attention momentarily to such matters as reacquainting themselves with their children, a number will be trying unsuccessfully to push to the back of their minds anxious thoughts about what the next 12 months might hold for them and their firms.

Chief among the worriers will be the partners of medium-sized law firms who, no doubt heartily sick of being told that they must get bigger or become true "niche players" if they are to survive in the new competitive era, may nevertheless begin to wonder if there is not something in it after all.

There is the added complication of competition from accountants and foreign lawyers to consider when the proposals to allow multinational and multi-disciplinary partnerships become law sometime within the next two years.

It would be surprising if some of them did not resolve immediately to recommend to their partners on return from holiday that the firm should pursue a strategy of merger at all costs in the coming year as the simplest solution to the problem.

That, however, according to Spicers Consulting Group, the consultant arm of accountants

Spicer & Oppenheim, would be a mistake. The third paper in its series on strategic issues for law firms entitled *A Merger is not a Strategy* devotes itself to dispelling this widely held view.

Spicers' basic premise - on which July's legal column touched - is that lawyers need to recognise that their business is an industry rather than solely a profession. Firms that delay accepting these implications will find their businesses deteriorating.

In particular, they argue that law firms which do not develop a business strategy will become progressively less successful in an increasingly competitive market.

Merger negotiations, and mergers themselves, have little chance of success unless they are guided by a business strategy. But a merger is not in itself a business strategy. It is an action a firm takes in pursuit of such a strategy.

The first step in formulating a business strategy for law firms, Spicers says, is to identify where the firm wishes to compete in the legal market. Who are going to be the key clients and what range and depth of services should the firm offer in order to build a significant relationship with them?

Having determined that, the firm must then decide how it intends to gain a competitive

advantage in its chosen market position. How will it differentiate itself favourably from other firms competing for the same clients?

It must then determine the critical factors for success - what capabilities must it develop to achieve its market priorities - and finally it must review and develop its strategy in the light of the changing competitive environment.

Whether merger is an appropriate course, and, if so, with what type of firm, depends on the first step in the strategy: deciding where to compete in the market, Spicers says.

The key strategic question for law firms is: "across how wide a range of services must we provide specialisations to meet the needs of our targeted clients?"

For firms which decide that their targeted clients require specialisations across the board, size becomes the driving force of the business.

For the larger City firms, for example, the combination of breadth and specialisation is essential, not only because the needs for external legal advice of the largest UK companies are becoming more specialised, but because the legal industry is becoming increasingly concentrated.

The trend is towards a smaller number of firms gaining a larger share of the largest companies' business.

Medium-sized firms may decide to compete in depth on a narrower front. In this case, Spicers says, the achievement of a small number of specialisations should be the driving force.

Success in competing in depth across a restricted range might lead to rapid growth, but such growth would be a consequence of successful specialisation, rather than the driving force of the business.

A firm whose strategy is to meet a wide range of large company needs will require depth across a broad range of services. If its resources are currently too small to meet this strategy, then merger with another firm with complementary skills could be the best way of competing with all other firms competing in the large company market sector.

Medium-sized firms which choose to compete in depth across a small number, say three or four, of core specialisations may find merger unattractive for several reasons.

Possible merger partners may have unprofitable services outside the desired core specialisations; a profile of professional staff at odds with what is required; substantial support overheads which would largely duplicate those in place in the other firm; or a very different culture. Merger in these circumstances would be "very high risk".

There are alternative courses of action that medium-sized firms can take in these circumstances. One suggestion put forward by Spicers is for the firm to reduce the breadth of its services and channel all its resources into its chosen core specialisations.

This, they note with a certain degree of perspicacity, "would be an unprofitable option to take in the short term because it would almost certainly result in the loss of people (both partners and fee earners) and would force some who remained to move into areas of work in which they were not previously expert. In some cases, however, it can carry a higher chance of success than merger."

So there are different courses by which law firms can achieve their preferred market position. Merger is unavoidable "only where a firm chooses to build depth across a broad range of services, and wishes or needs to do so in the short term."

The course chosen will be affected by certain criteria including scale - how great is the need to increase overall size to get depth and breadth; time constraints - merger is the quickest way to achieve results; size and quality of resources demanded by each specialisation - the need to add a large number of lawyers to a service in order to create a

specialisation may mean merger is the most practicable route; and culture.

If a firm decides merger is the correct course then, Spicers say, potential merger partners should be assessed against a shortlist of factors, such as bases of accounting, client lists, profitability, management skills (do they exist to the extent required to run a combined organisation), culture, remuneration technology requirements and premises.

Of these factors, culture is likely to be critical, Spicers says. Mistaken marriages between cultures are a hazard when the top people on each side base their view of cultural compatibility solely on a personal liking for each other.

Finally, it warns, many so-called mergers are in fact takeovers. Each party should therefore take a realistic look at the quality of its management compared to that of its proposed partner. A third-party opinion might be useful here.

It should then stand back from the decision to merge and ask if, at the end of the day, it would really matter if it was taken over by the other firm.

If the answer is yes, then it should only proceed with the utmost caution. If that is not possible the proposed merger should be abandoned. There is much food for thought here while buried to the neck in sand by vengeful offspring.

TO BE DISTRIBUTED FREE TO ALL UK FINAL YEAR STUDENTS

-GRADUATE- RECRUITMENT

A FINANCIAL TIMES SURVEY 1st NOVEMBER 1989

Just when the supply of 18-20 year olds is set to decline, employers are becoming increasingly conscious that securing an adequate supply of graduates of the right quality is crucial to their success.

For their part most final year students are aware that market power has switched in their direction. They are more likely to scrutinise closely the prospects of a sector and compare what each employer has on offer before embarking on a career.

The FT's Graduate Recruitment Survey will be written by the newspaper's unrivalled team of specialist writers with the interests and standpoint of the final year undergraduate deciding which career to follow very much in mind.

The survey will be given free of charge to every final year student in the UK, as well as those attending the top five universities in both West Germany and France.

To advertise in the most authoritative and comprehensive survey of graduate recruitment to be published by a national newspaper to date contact:

Tim Kingham, *Financial Times*,
Number One Southwark Bridge
London SE1 9HL Tel: 01-873 3066,
Fax: 01-873 3062

FINANCIAL TIMES
LONDON'S BUSINESS NEWSPAPER

LEGAL APPOINTMENTS

BUSINESS AFFAIRS SOLICITOR

The Zomba Group of Companies, the rapidly expanding and successful music/entertainment organisation offer an excellent career opportunity for a recently qualified Solicitor or Barrister for our Business Affairs department.

The successful applicant's responsibilities would include all legal and business affairs matters that would pertain to the record, music publishing and allied businesses. Reporting directly to the Head of Business Affairs, this position offers good prospects and an attractive remuneration package for a solicitor/barrister with music interests.

Applications should be in writing enclosing C.V. to:

Mark Furman
Head of Business Affairs
Zomba Group of Companies
Zomba House
185-187 High Road
London NW10 2SG

APPOINTMENTS ADVERTISING
Appears every Monday Wednesday and Thursday
for further information call 01-873 3000

Candida Raymond ext 3351

Deirdre McCarthy ext 4177

Elizabeth Rowan ext 3456

Paul Maraviglia ext 4676

Patrick Williams ext 3694

ALPS ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD
3 London Wall Buildings, London Wall, London EC2M 5PQ
Tel: 01-580 3576 Telex No. 987374

A key appointment. Scope exists to head the Legal department within 18-24 months either in London or elsewhere in the United Kingdom or USA.

ALPS SENIOR COMMERCIAL LAWYER - ACQUISITIONS AND DISPOSALS

CENTRAL LONDON £40,000 - £60,000

LEADING INTERNATIONAL FOOD AND DRINKS GROUP TO IN EXCESS OF £1.5 BILLION

This vacancy, created by promotion, is open to Lawyers, aged 32-42, who have acquired a minimum of 7 years practical corporate legal experience, and at least 18 months recent experience working in acquisitions/disposals, either in a corporate legal department or a major professional practice. The successful candidate will be responsible for dealing with acquisitions and divestments in Europe, Australasia and the U.S.A., advising on defences in a hostile bid. Up to 20% overseas travel will be necessary. Close liaison will be maintained with the Group's legal advisers world wide. The ability to structure deals in the most commercially beneficial manner is important. Initial salary negotiable, £40,000-£60,000 car, non-contributory pension, free family medical insurance, assistance with removal expenses if necessary. Applications in strict confidence under reference SCL188/FT, to the Managing Director:

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PQ. TELEPHONE 01-580 3576 or 01-580 3676. TELELEX: 862374L. FACX 01-250 8501.

YAMAICHI

Assistant Legal Advisor

Yamaichi Securities Co. Ltd is one of the world's leading securities houses, with 40 offices spanning 24 major financial centres.

In London, Yamaichi International (Europe) is its European flagship employing over 350 people from twelve countries, and is currently celebrating 25 years in the City.

A key position has arisen in its expanding Corporate Advisory Group for a recently qualified lawyer. An intrinsic part of the Corporate Finance Department, the Group is responsible for the execution of all Yamaichi's eurobond, equity and commercial paper transactions and provides support to the M&A group.

Ideally, the right candidate will have up to a year's documentation experience in international finance.

Candidates should submit, in confidence, a detailed cv to Mrs Kath Lawrence, Personnel Department, Yamaichi International (Europe) Limited, 111-117 Finsbury Pavement, London EC2A 1EQ
Tel: 01-638 5599

Member of The International Stock Exchange
Member of The Securities Association

Gulf Guarantee Bank plc

A West End based U.K. Bank has the following exceptional opportunities for individuals able to contribute significantly to the company's profitable financial development.

Financial Controller
Aged 35/45.
Salary circa £60,000 + car and benefits.

A qualified accountant with a commitment to pursuing on behalf of clients, hands-on investment opportunities in the U.K.

Responsibilities will additionally comprise all aspects of the Bank's financial policy and control, including risk assets assessment. The successful candidate will already display a record of outstanding achievement to date, ideally with property and/or trading exposure. Appointment as Finance Director is envisaged in due course.

Property Dealer
Aged 35/45.
Salary circa £40,000 + car and benefits.

A professionally qualified surveyor able to locate, structure and place property deals and simultaneously build a portfolio of self-financed client investments is sought as a major contributor to the group's growth and diversification. Recognised success to date is a pre-requisite for the position.

Lawyer
Aged 30/40.
Salary circa £40,000 + car and benefits.

A qualified commercial and property lawyer able to structure deals in support of the two above profit centres and perfect security applicable to all the Bank's assets coupled with an appreciation of international trade finance, is required to enhance the management team.

In addition to the advertised salaries etc., the benefits packages will include profit sharing and ultimately stock options.

Interested applicants should write in confidence enclosing a C.V. to Mr. Jeffrey Bell, 'Private', The Managing Director, Gulf Guarantee Bank plc., 139 Park Lane, LONDON W1Y 3AB.

ASSISTANT COMPANY SECRETARY

MERCHANT BANKING

We are seeking an articulate Chartered Secretary to appoint as Assistant Company Secretary of Charterhouse Bank Limited, to assist in the provision of a professional Secretarial service throughout the Group.

SALARY NEG

Reporting to the Group Secretary, the position offers a broad range of responsibilities within an expanding City financial institution with a commitment to quality.

Candidates will ideally be of graduate calibre, having two to three years' post qualification

CAR PENSION

experience acquired within another financial institution. A working knowledge of legislation applicable to the financial sector, flexibility and initiative are essential attributes.

Salary is negotiable, plus car, non-contributory pension and city benefits.

CITY BENEFITS, LONDON

Please write with full career details to Mr M.G. Hotchin, Group Secretary, Charterhouse plc, 1 Paternoster Row, London EC4M 7DH.

CHARTERHOUSE

Potential Made Possible

COMPLIANCE MANAGER

Our client is a rapidly expanding, specialist merchant bank, based in the City of London. Offering a diverse range of financial services, the company places great emphasis upon its research capabilities and strong customer relationships.

As part of its overall expansion, the company now wishes to appoint a Compliance Manager who will be responsible for ensuring that the requirements of The Securities Association and other Self Regulating Organisations are met. A significant part of the job will involve liaising with senior management, in particular, informing them of changes within the regulatory legislation and ensuring that procedures are followed.

Candidates should be tactful, must demonstrate an ability to operate on their own initiative and be able to communicate effectively at all levels. Educated to degree level, they should preferably have obtained a legal qualification and certainly will have gained experience of the compliance function within a leading City financial institution.

Please write in confidence giving concise career and personal details, listing separately any company to whom you do not wish your C.V. to be sent.

Miss Charlotte E Bellamy
Account Manager
Bates Tavner Resources International Limited
63 Carter Lane
London EC4V 6DY

Bates Tavner Resources International

Legal Appointments appear every Monday
£25 per single column centimetre
For Further Information Contact

01-873 3000

Elizabeth Rowan Ext 3456

Candida Raymond Ext 3694

UK COMPANY NEWS

Maxwell renews interest in Harcourt Brace

By Raymond Snoddy

MR ROBERT MAXWELL, the publisher, has renewed his interest in trying to acquire some of the publishing operations of Harcourt Brace Jovanovich, the US educational publishing group.

Wace extends presence in the US

Wace Group, the pre-press services company, is to buy two US film processing companies for an initial consideration of \$1m (\$617,000) in shares and cash.

Backing sought for alternative BAT plan

By Andrew Hill

AIM GROUP Zurich is hoping to persuade Lord Thomson of Monifieth to put forward its alternative reorganisation plans for BAT Industries.

Lord Thomson, a former chairman of the Independent Broadcasting Authority and a director of Royal Bank of Scotland and ICI, would chair the committee. Mr von Marx said he had worked with Lord Thomson on a 1979 television programme. So far, however, he has been unable to contact the peer. AIM said the non-tobacco businesses would become part of a separate company, "EX-BAT".

Today's fashion is tomorrow's risk

John Griffiths on Lucas Industries' approach to technology of the future.

SHORTLY AFTER conducting a revamp of Lucas Industries' automotive activities, Mr Bob Dale sat in the two-thirds empty mausoleum at Great King Street, Birmingham, which was once the thriving hub of a vast car components empire and wearily acknowledged - for the umpteenth time - that Lucas had undergone more motor components reorganisations than many had had hot dinners.

"That was nearly 18 months ago. And as this year has progressed Mr Dale, 50, managing director of the Lucas Automotive division created out of the reorganisation, has assumed increasing confidence.

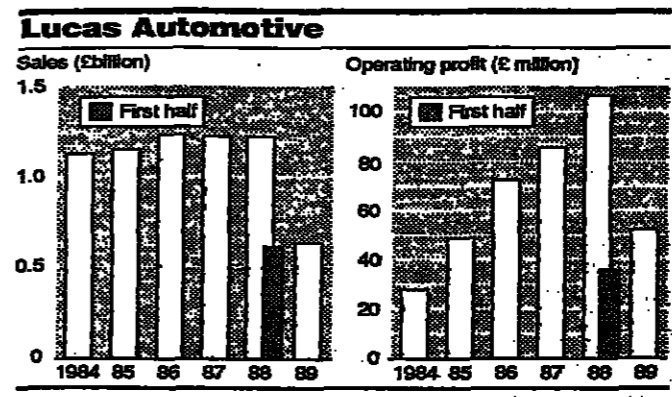
"Cars are going to become much more complex," says Mr Dale. "And if we're supplying a range of complex component sub-systems and packages, there's no reason for our sales value to go down even if the car market does."

Lucas is about to announce

that another "prestige" car maker, Saab, is to take complete electronic fuel injection systems from the UK-headquartered company.

However, both Mr Dale and Lucas Industries' chairman and chief executive, Mr Tony Gill, insist that they are not complacent about the turnaround.

"Essentially, we're dealing with systems integrators; traction control, chassis control - the developments are almost endless."



Increasing sales volume - Lucas Automotive's turnover has hovered around £1.2bn for the past four years - is a task that still lies mainly ahead, even if given impetus by the new contracts.

"These are Lucas Yusa Batteries, which is supplying ignition and braking equipment and batteries to Nissan's manufacturing plant in the UK, and Lucas Sumitomo Brake Industries in the US."

component makers struggling against an invasion of Japanese component makers - as happened in the 80s, where there are now over 300 - won't materialise.

"We're now financially strong and positioning ourselves to do what we see as the most relevant to our business, restructuring of the existing automotive operations is also to prosper."

"Today's fashion is tomorrow's risk," he suggests, "but we have had time to restructure and we are in any case more efficient and flexible because the European manufacturing scene is so much more complex."

Red Funnel disowns press profit estimates

By Andrew Hill

RED FUNNEL Group, the Southampton-Cowes ferry operator facing a hostile bid from Sully UK Holdings, has dissociated itself from press estimates that its three principal divisions contributed equally to group profits.

Red Funnel made £2.84m before tax. The group did not break down the contribution of the main operations - ferries, tugs and haulage and engineering interests - except to say that Cosens, its engineering subsidiary, had recorded a "small trading loss".

Gestetner

Gestetner says its associate company Bales has declared its offer for Hanimex unconditional.

Lynx falls into loss in second half

Lynx Group fell sharply into the red in the second six months and for the full 1988-89 year ran up a loss of almost £1m at the pre-tax level.

One of the factors responsible for the loss was an almost virtual disappearance of turnover for TV audience measurement equipment.

Turnover for the year to end March edged ahead to £5.94m (28.37m).

FT Share Service

The following securities were added to the Share Information Service in Saturday's edition:

Anglo Group 9 1/2pc Conv. Bond (Section 85)

Ashtley Group 8.25pc Pref. Conv. Bond (Footwear)

Hambros 7 1/2pc Pref. (Banks)

Invicta Sound (Leisure)

Molyneux Estates (Property)

Trace Computers (Electricals)

Treat (Foods)

Wensum Co. (Drapery & Stores)

Oceana profits downturn

PROFITS of the Oceana Consolidated Company, investment concern, fell from £279,000 to £69,000 pre-tax for the year to end-March. Turnover rose from £0.98m to £3.56m.

Exceptional provisions rose to £250,000 (£59,000) but tax credits fell from £150,000 to £2,000. Earnings emerged at 1.17p (5.28p) per share and the dividend for the year is a same-as-1.25p.

Gartmore American Securities p.l.c. advertisement including company details, share information table, and contact information.

Knobs & Knockers PLC advertisement for the acquisition of Prior Securities PLC, featuring a revolving term credit facility and Bank of Boston Property Finance Group.

LEND LEASE CORPORATION LIMITED AS 100,000 advertisement for convertible option bonds.

NOTICE regarding the issue of shares pursuant to a renounceable rights issue.

Advertisement for BANQUE PARIBAS LUXEMBOURG Principal Banking and Conversion Agent.

Advertisement regarding the acquisition of the property trading activities of the Prior Group.

Knobs & Knockers plc advertisement for the acquisition of the property trading activities of the Prior Group, including share capital and listing particulars.

BOARD MEETINGS section listing various company meetings.

Advertisement for ALLCO INTERNATIONAL LIMITED Government Floating Rate Investment.

Advertisement for I.G. INDEX LTD, 9-11 Grosvenor Gardens, London SW1W 0BD.

Advertisement for FTSE 100 and FTSE 250 indices.

Advertisement for FT-SE 100 and FT-SE 250 indices.

SPAREKASSEN SDS advertisement for floating rate capital notes due 1991.

GRANVILLE SPONSORED SECURITIES advertisement listing various securities and their prices.

Advertisement for I.G. INDEX LTD, 9-11 Grosvenor Gardens, London SW1W 0BD.

Advertisement for FTSE 100 and FTSE 250 indices.

Advertisement for FT-SE 100 and FT-SE 250 indices.

Handwritten signature or scribble at the bottom of the page.

INTERNATIONAL CAPITAL MARKETS

EUROCREDITS

Magnet buy-out finance hits snag

THE underwriters of Magnet's \$550m debt financing for its management buy-out are behind target in their syndicate...

Underwriters said they had only expected to syndicate about half their exposure, thus retaining a large chunk of the high-yield asset for themselves...

Magnet's financing became the subject of intense speculation last week, bankers say, following news that MFI, the furniture retailer, was having difficulty meeting sales targets...

While no one has suggested that Magnet is having difficulty meeting sales or profits targets, bankers have raced to compare the two deals because of the roughly similar business niches they both occupy...

Magnet's financing consists of a \$300m senior debt tranche paying 1 1/2 per cent above Libor, a \$72.5m bridge facility, \$160m in senior subordinated debt carrying a margin of 3 1/4 per cent over Libor and a \$200m junior subordinated-term loan...

West to August 3, 1989 Source: AIBD

paying 4 1/2 per cent above Libor. At a presentation two weeks ago, sponsored by Magnet and Bankers Trust, the buy-out team's adviser and chief lender, the company assured potential lenders that it would meet sales and profits targets called for in the company's business plan...

Other potential lenders have been questioning whether Magnet's growth estimates - prepared much earlier this year - were perhaps too optimistic for current economic conditions.

According to Magnet's business plan, it needs to achieve annual profit growth of 15 per cent in order to meet the current repayment schedule on its senior debt alone. It will have total interest costs in the nine-month period to March 31 1990 of about \$53m, assuming full drawdown of the \$490m long-term facilities and accrual of interest under those facilities, as well as some principal repayments to be met. The first of the latter, \$10m, is due on September 30 1989.

In defending the financing, bankers point out that Magnet achieved 26 per cent profit growth in the year to April 1 1989 and 30 per cent profit growth in the year before that.

Still, bankers point out that one drawback to the Magnet deal is that it calls upon borrowed funds to finance a significant rate of expansion in addition to simply paying for the buy-out. If the expansion does not produce the expected results quickly enough, the deal could run into trouble. The number of high street outlets is expected to quadruple by March 31 1992 to more than 200 from the current 52, possibly to 250.

However, for those who have rushed to compare the two companies, it is necessary to note differences between them. While Magnet is largely a kitchen and DIY retailer, MFI specialises in pre-packaged self-assembly furniture. Also, lenders have been quick to point out that Magnet's financing includes \$190m in two layers of mezzanine debt and an equity portion, a much larger cushion than is offered to senior lenders in the MFI deal.

Norma Cohen

INTERNATIONAL BONDS

A miniature revolution takes place in French issues

FRANCE had more than its fair share of newspaper coverage in July as the bicentenary of its revolution was celebrated in style. A few privileged citizens, however, noticed that one subject worthy of attention slipped by almost unnoticed.

Despite the celebrations, and the resulting absence of many French investors who preferred to be on the beach, July witnessed the sudden expansion of new issue activity on the Euro-French franc market.

Hardly headline stuff, perhaps, but at least a revolution in miniature, syndicate managers and analysts alike believe that the heavy issuance revealed significant developments in the market. The extent of those developments, however, is the subject of intense debate.

Last year, some FF10bn of fixed-rate Euro-issues were launched. Already, 1989 has seen FF220bn, of which FF180bn was launched in July. One bank alone, Credit Commercial de France (CCF), issued nearly FF70bn of deals in July, inspiring its head of new issues to proclaim the market to be in good shape. Syndicate managers think the full-year figure could reach FF300bn, or nearly treble last year's volume.

The July issues themselves were small in number, and compared with other international sectors, were still small in size with only the European Investment Bank FF10bn 8 1/2 per cent six-year issue weighing in at size that would be considered very liquid in, say, the dollar sector.

French paper.

Syndicate managers were rather coy about the other reason for the deals, a wide window on the swap market which allowed the banks to borrow in floating-rate US dollars to achieve competitive funding costs of around 30 basis points below Libor. In the past, the market's immaturity made swaps hard to come by.

In addition, some of the German borrowers have subsidiaries in France, and are understood to have kept a proportion of their deals in francs. They face an attractive long-term probability that the franc will depreciate against the D-Mark, allowing them to repay the principal cheaply.

Importantly, the recent deals also came against a background of a good performance by the French government bond market. According to a recent forecast by Warburg, the French bond market will continue to provide good returns for international investors in the next 12 months.

Among the European markets, the primary case for France rests on the inflation record against Germany where the differential may reach zero.

Growing recognition of the stability of the franc should, over time, lead to a further decline in the risk premium investors will require for holding French francs, the report said.

There has been a sharp narrowing of the spreads between French government bonds (OATs) and German bunds, from around 210 basis points to 170 basis points.

In the middle of the rally, some forecasters advised clients that OATs were becoming expensive compared with bunds, but their switch recommendations went awry when money continued to pour into France.

One of the main barriers to the development of the market was the widely-held view that it was driven by domestic investors, in particular a handful of institutions which were accused of effectively controlling issues by extending or withholding demand.

This is a charge often levied against small markets which are maturing. Another good example is the Euro-sterling market, where a battle is still being fought between some issuing houses and leading institutional investors which are accused of trying to dictate terms to the rest of the market.

The idea that it was tough for foreigners combined with the relative weakness of arguments in favour of the French franc to hold the market back. In the last 18 months, however, as foreign interest increased so the market's bad reputation diminished.

According to some analysts, the recent rally has actually set the market back, proving

that the domestic institutions with their buying power still have the primary influence over events.

This is debatable. If new issue volumes of Eurobonds continue to grow, then the forces of competition should gradually reduce the power of the domestic investors.

Again, a comparison with the Euro-sterling sector is relevant. Many UK institutions objected to the terms of a Republic of Italy \$400m long-dated deal when it was launched in April by Credit Suisse First Boston.

By the same token, the future of the Euro-French franc sector looks good. As the yields demanded by the market for issues in, for example, the dollar and sterling sectors become prohibitive to many borrowers, competing sectors like francs are set to expand.

In addition, Euro-market borrowings look increasingly attractive on both financial and publicity grounds for larger French corporations looking to boost their international profiles as European markets move inexorably towards integration.

Andrew Freeman

NEW INTERNATIONAL BOND ISSUES

Table with 14 columns: Borrowers, Amount m., Maturity, Av. life years, Coupon %, Price, Book runner, Offer yield %, and an identical set of columns repeated. Lists various international bond issues from US Dollars, Swiss Francs, Swedish Krona, French Francs, Yen, and Sterling.

ALLIANCE & LEICESTER BUILDING SOCIETY Issue of £150,000,000 Floating Rate Notes due 1996. The advertisement is for a bond issue, detailing the amount, maturity, and listing various financial institutions as underwriters and book runners. It also includes the logo of Alliance & Leicester Building Society.

GEFCO Guaranteed Export Finance Corporation PLC Unconditionally and irrevocably guaranteed by The Secretary of State for Trade and Industry of Her Britannic Majesty's Government acting by the Export Credits Guarantee Department. Issue of £250,000,000 9 3/4 per cent. Guaranteed Loan Stock 2010. The advertisement is for a bond issue, detailing the amount, interest rate, and listing Barclays de Zoete Wedd Limited and S.G. Warburg Securities as underwriters and book runners. It also includes the GEFCO logo.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDITS

Jobs data aid shift in perception

WHAT IS the difference between stagnation and a "soft landing"? Wall Street began to answer this conundrum on Friday. The difference seemed to be 25 basis points on interest rates, three yen on the dollar and a few billion dollars out of the pockets of bullish bond investors all over the world.

which had been falling without an obvious floor in sight, stopped in its tracks and then surged inexplicably by more than two points. The so-called "Gorby rally" was ridiculed by serious commentators (ourselves included) as having absolutely no foundation in economic realities.

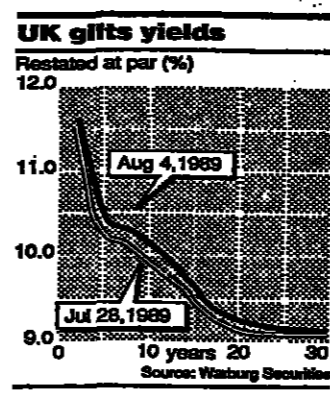
an end. For behind the optimism of the bull market in bonds there has been a perception of just the kind that might be susceptible to a sudden shift in gestalt. This is the idea that the Federal Reserve Board will steer the economy into a "soft landing" which will be characterised by moderate inflation, subdued growth and gradual reductions in financial imbalances.

omy from crash landing in a full-scale recession. Why then are they disappointed by figures like last Friday's, which suggest that the Fed has calibrated its monetary policy with remarkable precision to ensure a slow but steady economic expansion?

UK GILTS

Unexpected impact from sterling

THE UK gilt market was reminded last week that, despite optimism about the UK economy, it remains vulnerable to sterling movements. What appeared to be an upward trend in gilt prices had changed direction by Friday as sterling came under downward pressure, ending down four pence for the close a week before.



UK gilt yields. Restated at par (%). Source: Watson Gemmill

power for a fourth term. Nor have the rumpus surrounding last month's Cabinet reshuffle or Labour's lead in opinion polls done more than jolt the market. But the side-effects of these known to the Government may soon start to feed through into areas of direct relevance to the gilt market.

& National's August economic review, argues that funding policy is an effective means of influencing bank deposits and can be used to reinforce an anti-inflationary monetary policy. He says the Government decision to end overdrafting in 1988 was "causally relevant" to the subsequent boom in economic activity and the rise in inflation.

RTZ THE RTZ CORPORATION PLC U.S.\$3,100,000,000 Acquisition Facility. Arranged by: BARCLAYS BANK PLC, MORGAN GUARANTY TRUST COMPANY OF NEW YORK. Lead Managed by: BARCLAYS BANK PLC, MORGAN GUARANTY TRUST COMPANY OF NEW YORK. Co-Lead Managed by: ALGEMENE BANK NEDERLAND NV, AMSTERDAM-ROTTERDAM BANK N.V., BANK OF AMERICA INT'L & SA, BANK OF MONTREAL, THE BANK OF NEW YORK, THE BANK OF NOVA SCOTIA, THE BANK OF TOKYO LTD., BANQUE NATIONALE DE PARIS, BAYERISCHE LANDESBANK GIROZENTRALE, CANADIAN IMPERIAL BANK OF COMMERCE, THE CHASE MANHATTAN BANK, N.A., CREDIT LYONNAIS, THE DAI-ICHI KANGYO BANK, LIMITED, DRESNER BANK AG, THE FUJI BANK, LIMITED, THE HONGKONG AND SHANGHAI BANKING CORPORATION, THE INDUSTRIAL BANK OF JAPAN, LIMITED, KREDIETBANK N.V., THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, MELLON BANK, MIDLAND BANK PLC, THE MITSUBISHI BANK, LIMITED, THE MITSUI BANK, LIMITED, NATIONAL AUSTRALIA BANK LIMITED, NATIONAL WESTMINSTER BANK PLC, NCNB TEXAS NATIONAL BANK, THE ROYAL BANK OF CANADA GROUP, THE SANWA BANK, LIMITED, SOCIETE GENERALE, THE SUMITOMO BANK, LIMITED, SWISS BANK CORPORATION, THE TOKAI BANK, LIMITED, UNION BANK OF SWITZERLAND, WESTDEUTSCHE LANDESBANK GIROZENTRALE, THE YASUDA TRUST AND BANKING COMPANY, LIMITED. Managed by: BANQUE PARIBAS, CHEMICAL BANK, CITIBANK NA, CONTINENTAL BANK, CROLDAYS BANK PLC, KANSALLS BANKING GROUP, THE KYOWA BANK, LTD., LLOYDS BANK PLC, THE MITSUI TRUST & BANKING CO., LTD, THE MITSUBISHI TRUST AND BANKING CORPORATION, NOMURA BANK INTERNATIONAL PLC, THE ROYAL BANK OF SCOTLAND PLC, THE SAITAMA BANK, LTD, SECURITY PACIFIC NATIONAL BANK, STANDARD CHARTERED BANK, THE TAIYO KOBE BANK, LIMITED, THE TOYO TRUST AND BANKING COMPANY, LIMITED, WESTPAC OVERSEAS B.V. Facility Agent: BARCLAYS. June 1989. This announcement appears as a matter of record only.

FT/AIBD INTERNATIONAL BOND SERVICE

Table listing international bonds with columns for Country, Issuer, Maturity, Yield, and Price. Includes sections for US, UK, and other international markets.

STRAIGHT BONDS: Yield to redemption of the bond is expressed in millions of currency units except for Yen bonds, where it is in billions. FLUATING RATE BONDS: US dollars unless indicated. Amount above six-month forward rate for US dollars. C.O. = current coupon. CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent price. WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant at yld = exercise yield at current warrant price. Closing prices on AUGUST 4. The Financial Times Ltd. 1989. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by Association of International Bond Dealers.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Banks organise standby finance deal for Mexico

By Stephen Fidler and Richard Johns
A GROUP OF commercial bank lenders to Mexico is attempting to put together \$400m to \$500m standby financing to provide financial support in the case of a fall in the oil price.

Losses continue at Pan Am parent

By Karen Zagor in New York
PAN AM Corp, the parent of struggling Pan American World Airways, reported another quarter of net losses, revealing that the group is still far from a long-awaited financial turnaround.

Prime accepts reduced bid price

By Anatole Kaletsky in New York

PRIME COMPUTER, the Massachusetts minicomputer group which has spent most of the last year fighting a \$1.1bn bid from MAI Basic Four, a smaller computer company, suffered a further setback on Friday.

complete the original \$21.50-a-share merger agreement, but added that the board was recommending acceptance of the reduced offer because it was still superior to the \$19.50 offered by MAI Basic Four.

profit of \$7.2m a year ago. Prime, which in the early 1980s was one of the most successful of the new generation of US high technology companies, enjoying revenue growth of 100 per cent annually for several years running, said the loss was caused primarily by \$27.3m in non-recurring charges relating to the company's battle for independence.

caused by the uncertainty among customers and staff resulting from the two competing tender offers from Whitney and MAI Basic Four.

Battle for Steinberg moves to the courts

By Robert Gibbens in Montreal

THE contest for control of Steinberg, the Canadian food distribution and property group, has moved to the courts.

Oxdon Investments, the Toronto bidder led by Unicom Canada, has asked the Quebec Superior Court to declare invalid a rival offer by the Caisse de Depot and Socanav.

US MONEY MARKET RATES (%)

Table with columns: Fed Funds, Three-month Treasury bills, Six-month Treasury bills, Three-month commercial paper, 90-day commercial paper. Rows: Last Friday, 1 week ago, 4 weeks ago, 13-month High, 12-month Low.

US BOND PRICES AND YIELDS (%)

Table with columns: Seven-year Treasury, 20-year Treasury, 30-year Treasury. Rows: Last Friday, Change on Friday, Yield, 1 week ago, 4 weeks ago.

NRI TOKYO BOND INDEX

Table with columns: Government Bonds, Municipal Bonds, Govt-sponsor bonds, Bank debentures, Corporate bonds, Yield-sensitive bonds, Government 10-year. Rows: December 1983 = 100, 3/8/89, 5/8/89, 1/4/88, 1/4/89, 1/4/90, 1/4/91, 1/4/92, 1/4/93, 1/4/94, 1/4/95, 1/4/96, 1/4/97, 1/4/98, 1/4/99.

AFP wins control of three Chase units

By Chris Sherwell in Sydney

AFP, The Australian-owned investment group which controls Gestetner in the UK, has pulled off a minor coup by winning effective control of three Australian companies which are part of Chase Corporation, the troubled New Zealand group.

valuing Hanimex at around A\$150m (US\$115.3m), was made through a joint venture between AFP and Gestetner, and AFP plans to bring the Gestetner and Hanimex networks together.

another significant development, the unwinding of Pettito, AFP's joint venture with Goodman Fielder Wattie, the Australasian food giant.

subsidary of Gestetner but would remain a stand-alone photographic business. Control of Hanimex was secured despite suggestions that other bidders were in the wings and at a value significantly less than recent estimates have suggested.

Cetus \$14.3m in loss

CETUS, the California biotechnology company, has reported increased fourth-quarter losses of \$14.3m against \$9.37m a year earlier, boosting the loss for the year ended June 30 to \$49.9m from a deficit of \$22.6m a year earlier, AFP-DJ reports.

The company said the increased loss in 1989 was due principally to the decrease in research and development funding from Cetus Healthcare Partnership II and increased spending to build the sales, marketing and manufacturing infrastructure to launch the company's first proprietary pharmaceutical product, Proleukin interleukin-2.

Grupo Torras surges 82% to Pta8.95bn

By Our Financial Staff

GRUPO TORRAS, the Spanish industrial holding company in which the Kuwait Industrial Office has a 40 per cent stake, has reported an 82 per cent rise in consolidated pre-tax profits to Pta8.95bn (\$76.1m) for the first half of 1989 from Pta4.91bn a year earlier.

side, Pta34.3bn from paper activities and Pta25.8bn from its food business. Earnings per share increased 36 per cent to Pta91 from Pta67 last year.

cal and fertilizer division, to Banco Hispano Americano. It has also sold Doctor Andreu, a pharmaceutical company, to Hoffmann-La Roche, the Swiss chemicals group, for Pta3.4bn.

shareholders." Mr de La Rosa said in June that the group could cut by half both its 100 per cent stake in Torraspapel, its paper subsidiary, and its 40 per cent holding in Erros while building up Ebro, its 51 per cent owned food division.

Sun and Philips link

SUN Microsystems, the US workstation company, will announce tomorrow a manufacturing agreement with Philips of the Netherlands for semi-conductors, Reuters reports.

Analysts said Philips would make chips based on the Sparc technology it will license from Sun. Sun said the two companies had plans for "32-bit derivatives for a variety of applications," probably for consumer products.

Leveraged Opportunity Trust PLC
(Incorporated in England under the Companies Act 1985 - Registered No. 2338053)
Placing by Rowe & Pitman Ltd. of £7,500,000 nominal Zero Coupon Convertible Unsecured Loan Stock 1996/99 at par and 7,500,000 Ordinary shares of 25p each (with Warrants attached) at 100p per share.

IRELAND US\$100,000,000 Private Placement Issue Floating Rate Notes 1997/2000 (Coupon No. 9) Pursuant to Note conditions, notice is hereby given that for the interest period 7th August 1989 to 6th February 1990 (183 days), an interest rate of 8 7/8% per cent, per annum, will apply. Amount per coupon (No. 9) = US\$42,890.63 Payable on the 6th February 1990 Reference Agent Bank LTCB THE LONG-TERM CREDIT BANK OF JAPAN, LTD. London Branch

BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (S.A.L.L.) USD 100 MILLIONS FRM DUE 1997 Notice is hereby given that the rate of interest for the period from August 7th, 1989 to February 7th, 1990 has been fixed at 8 3/4%. The coupon amount due for this period is USD 437.53 per USD 100,000 denomination and is payable on the interest payment date February 7th, 1990.

ZIMBABWE The Financial Times proposes to publish this survey on: 21st AUGUST 1989 For a full editorial synopsis and advertisement details, please contact: SARAH PAKENHAM WALSH on 01-873 3000 or write to her at: Number One Southwark Bridge London SE1 9HL FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Mitsubishi Rayon Company, Limited U.S.\$150,000,000 4 PER CENT. NOTES 1993 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF MITSUBISHI RAYON COMPANY, LIMITED ISSUE PRICE 100 PER CENT. The Nikko Securities Co., (Europe) Ltd. Mitsubishi Finance International Limited Yamaichi International (Europe) Limited UBS Phillips & Drew Securities Limited Daiwa Europe Limited IBJ International Limited LTCB International Limited Mitsubishi Trust International Limited Algemene Bank Nederland N.V. Bayerische Vereinsbank Aktiengesellschaft Citicorp Investment Bank Limited DKB International Limited Dresdner Bank Aktiengesellschaft Robert Fleming & Co. Limited Goldman Sachs International Limited Morgan Grenfell & Co. Limited NatWest Capital Markets Limited Nomura International Norinchukin International Limited Salomon Brothers International Limited J. Henry Schroder Wagg & Co. Limited Taiheyo Europe Limited Tokyo Securities Co. (Europe) Ltd. S.G. Warburg Securities

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0835 4 + five digit code (listed below). Calls charged at 35p per minute peak and 25p off peak, inc VAT

AUTHORISED UNIT TRUSTS

See FT Unit Trusts 1989

Table listing various unit trusts such as Abbey Unit Trust, Abstract Management Ltd, Adams Unit Trust, etc. with columns for name, manager, and other details.

Table listing unit trusts including Eagle Star Unit Trusts, Global Asset Management, Lindsell & Co, etc. with columns for name, manager, and other details.

Table listing unit trusts including Midland Unit Trusts, Prudential Retirement Unit Trusts, Smith & Williamson Unit Trusts, etc. with columns for name, manager, and other details.

Table listing unit trusts including Standard Life Unit Trusts, Sun Life of Canada Unit Trusts, etc. with columns for name, manager, and other details.

Table listing unit trusts including Swiss Life Unit Trusts, etc. with columns for name, manager, and other details.

Table listing unit trusts including various international and domestic funds with columns for name, manager, and other details.

Table listing unit trusts including various international and domestic funds with columns for name, manager, and other details.

Table listing unit trusts including various international and domestic funds with columns for name, manager, and other details.

GUIDE TO UNIT TRUST PRICING. A section explaining how unit trust prices are calculated, including details on net asset value, unit price, and the effect of charges.

Handwritten signature or mark at the bottom center of the page.

John, in Lito

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0838 4 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

For Current Unit Trust Prices on any telephone ring direct-0896 4 + five digit code (listed below). Calls charged at 30p per minute peak and 25p off peak, inc VAT

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sections for various countries like Switzerland, Guernsey, Jersey, and Luxembourg.

OFFSHORE AND OVERSEAS

GUERNSEY (GB RECOGNISED)

MANAGEMENT SERVICES

GUERNSEY (GB RECOGNISED)

LUXEMBOURG (GB RECOGNISED)

JERSEY (GB RECOGNISED)

Handwritten signature or mark at the bottom center of the page.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Main table of London Share Service, listing various share funds and trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'BRITISH FUNDS', 'CORPORATION FUNDS', 'COMMONWEALTH & AFRICAN FUNDS', and 'MONEY MARKET BANK ACCOUNTS'.

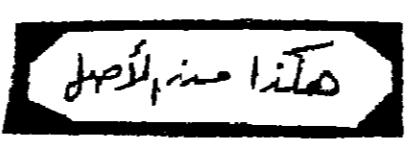
UNIT TRUST NOTES: Please refer to notes on reverse side of this page for details of unit trusts and their performance.

LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 30p per minute peak and 25p off peak, inc VAT

Main table containing multiple columns of stock market data, including company names, share prices, and market indices. The table is organized into several sections: AMERICANS - Contd, BUILDING, TIMBER, ROADS - Contd, DRAPERY AND STORES - Contd, ENGINEERING, INDUSTRIALS (Miscel.) - Contd, CANADIANS, ELECTRICALS, FOOD, GROCERIES, ETC, CHEMICALS, PLASTICS, BANKS, HP & LEASING, BEERS, WINES & SPIRITS, BUILDING, TIMBER, ROADS, DRAPERY AND STORES, HOTELS AND CATERERS, and INDUSTRIALS (Miscel.).

Handwritten signature or mark at the bottom center of the page.



LONDON SHARE SERVICE

For Latest Share Prices on any telephone ring direct-0833 43 + four digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT

Main table containing various stock market listings including LEISURE, PAPER, PRINTING, ADVERTISING - Contd, TEXTILES - Contd, TRUSTS, FINANCE, LAND - Contd, OIL AND GAS - Contd, MINES - Contd, TOBACCO, TRANSPORT, PROPERTY, MOTORS, AIRCRAFT TRADES, Commercial Vehicles, Garages and Distributors, NEWSPAPERS, PUBLISHERS, PAPER, PRINTING, ADVERTISING, SHOES AND LEATHER, SOUTH AFRICAN, TEXTILES, OIL AND GAS, AUSTRALIANS, DIAMOND AND PLATINUM, CENTRAL AFRICAN, FINANCE, FAR WEST RAND, REGIONAL & IRISH STOCKS, TRADITIONAL OPTIONS, and MINES.

This service is available to every company dealt in on the Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

Clearing out the bad debt exposure

INSIDER TRADING is not something usually associated with the foreign exchange market, but it is obviously a subject that has worried UK clearing banks, and it is a charge which they have no intention of adding to their present problems.

Bank of England was selling the pound to this purpose. It was an erroneous suggestion and rather a foolish one, since keeping sterling down would simply import inflation and do nothing to encourage a reduction in the retail price index.

range and showing no sign of suffering from any large selling orders. Where does insider trading fit into this scenario? Firstly, it may be worth looking into the reason why these debts need physical covering and cannot simply be written off as a book transaction.

one could reasonably ask, why did they not sell sterling over a longer period rather than all pile into the market together and see sterling react like a punctured tyre?

£ IN NEW YORK

Table with columns: Aug 4, Close, Previous Close. Rows: 5 Spot, 1 month, 3 months, 6 months, 9 months, 12 months.

CURRENCY RATES

Table with columns: Aug 4, Bank rate, Special Drawing Rights, European Currency Unit. Rows: Sterling, US Dollar, Canadian Dollar, etc.

CURRENCY MOVEMENTS

Table with columns: Aug 4, Bank of England, Morgan Guaranty. Rows: Sterling, US Dollar, etc.

OTHER CURRENCIES

Table with columns: Aug 4, £, \$, DM, etc. Rows: Argentina, Australia, Brazil, etc.

STERLING INDEX

Table with columns: Aug 4, Previous. Rows: 8.30 am, 9.00 am, 10.00 am, 11.00 am, Noon, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

EURO-CURRENCY INTEREST RATES

Table with columns: Aug 4, Short term, 7 days, One month, Three months, Six months, One year. Rows: Sterling, US Dollar, etc.

POUND SPOT-FORWARD AGAINST THE POUND

Table with columns: Aug 4, Day's spread, Close, One month, Three months, Six months, One year. Rows: US, Canada, etc.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table with columns: Aug 4, Day's spread, Close, One month, Three months, Six months, One year. Rows: UK, Ireland, etc.

EXCHANGE CROSS RATES

Table with columns: Aug 4, £, \$, DM, Yen, F Fr., S Fr., H Fl., Lira, C \$, B Fr.

FT LONDON INTERBANK FIXING

Table with columns: 11.00 a.m. Aug 4, 3 months US dollars, 6 months US dollars. Rows: Bid, Offer.

MONEY RATES

Table with columns: NEW YORK, Treasury Bills and Bonds. Rows: Aprm, Prime rate, etc.

LONDON MONEY RATES

Table with columns: Aug 4, Overnight, 7 days notice, One month, Three months, Six months, One year. Rows: Interbank Offer, etc.

MONEY MARKETS

Reversed curve flattens as rates look set to hold

A FLATTER yield curve developed on the London money market last week. A weaker pound did not put upward pressure on the shorter end of the market.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns: Aug 4, July 28, Aug 7, July 28. Rows: Bills on offer, Total applications, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table with columns: Aug 4, Change, NEW YORK, LONDON, PARIS, etc.

UK clearing bank base lending rate

Table with columns: 14 per cent, from May 24.

MR MAX CORPORATION

To the Holders of Warrants to subscribe for shares of common stock of MR MAX CORPORATION (the "Company")

RIGHTS OFFERS

Table with columns: Issue Price, Amount Paid, Latest Announced, High, Low, Stock, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount Paid, Latest Announced, High, Low, Stock, etc.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWestWood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Large table with columns: NATIONAL AND REGIONAL MARKETS, Friday August 4 1989, Thursday August 3 1989, Dollar Index. Rows: Australia, Canada, Denmark, etc.

Base values: Dec 31, 1988 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.781 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local).

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Aug 01, Nov 01, Feb 90, Stock. Rows: Gold, Silver, etc.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Rows: ABN Bank, Aden & Company, etc.

LONDON RECENT ISSUES

Table with columns: Issue Price, Amount Paid, Latest Announced, High, Low, Stock, etc.

RIGHTS OFFERS

Table with columns: Issue Price, Amount Paid, Latest Announced, High, Low, Stock, etc.

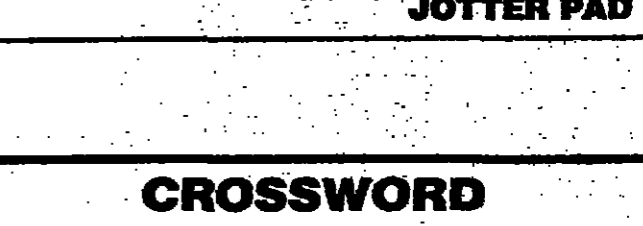
FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount Paid, Latest Announced, High, Low, Stock, etc.

RIGHTS OFFERS

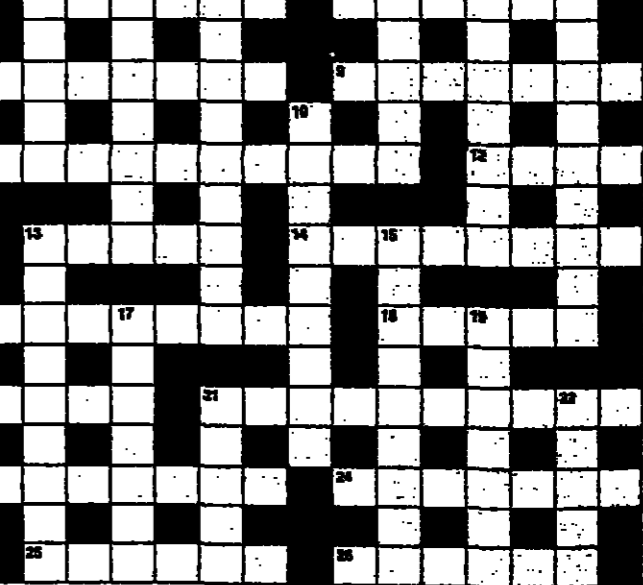
Table with columns: Issue Price, Amount Paid, Latest Announced, High, Low, Stock, etc.

JOTTER PAD

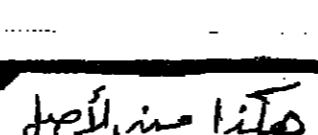


CROSSWORD

No.7,005 Set by DANTE



ACROSS: 1 Winestore is not far in a car (5); 2 Chain the chest in the study (6); 3 Find made by a hunter (7); 4 Doctor tries new sort of lock (7); 5 Point to one Duke or another (10); 6 He fell out of sympathy with his partner (4); 7 All for those making notes (5); 8 Change of plan? (5); 9 Quarter-deck cutters (5); 10 She's Diana (5); 11 Ring a girl to come round soon (4); 12 A girl who is tender to domestic animals (6-4); 13 A Gallic disposition is exceptional (7); 14 Regal lid with a return blow (7); 15 Songbird with little relation to others (5); 16 Unions strangely in agreement (5).



WORLD STOCK MARKETS

Table with columns: Country, Stock Name, Price, Change. Includes sections for Australia, France, Germany, Italy, and Sweden.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Australia, France, Germany, Italy, and Sweden.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Australia, France, Germany, Italy, and Sweden.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Canada, New York, and Tokyo.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Table with columns: Country, Stock Name, Price, Change. Includes sections for Japan, Finland, and Denmark.

Handwritten signature or note at the top center of the page.

Vertical text on the left margin, possibly a page number or reference.

Vertical text on the right margin, possibly a page number or reference.

Footnote or disclaimer text at the bottom of the page.

4pm prices August 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like 'High', 'Low', 'Open', 'Close', 'Change', and 'Volume'. It lists various companies and their corresponding market data.

Advertisement for SAMSUNG Electronics featuring a television set and the slogan 'Triumphs in TV technology...'. It also lists 'Video Audio Home Appliances'.

Continued on Page 29

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes a sub-section for 'Sales' and 'Dividend' data.

OVER-THE-COUNTER

Nasdaq national market, 4pm prices August 4

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change. Includes a sub-section for 'Sales' and 'Dividend' data.

Advertisement for 'Your FT hand delivered in Norway' featuring a coupon for 12 issues free and contact information for Oslo (02) 678310.

Advertisement for 'Attention to detail' regarding financial services and a coupon for a complimentary copy of the FT.

The Business Column

Two-edged appeal of consumer electronics

For all the excitement generated by the colour television set, the hi-fi and the video recorder when they were first introduced, it takes some imagination nowadays to see them as more than standard living room furniture.

Three-fold importance

Is this another case of western industry getting it wrong, by jumping into a market just as the Japanese are pulling out? Not really. Though the Japanese have widened their horizons well beyond consumer electronics, they are far from abandoning the activity.

The only evidence we have of a romantic side to Mr Mariano Rubio Jimenez, the Governor of the Bank of Spain, is that he spirited his fiancée off to Vienna late last year to get married.

Although the Governor is sometimes given, in summer, to wearing a loud cream suit, he is a serious, almost imperious man. Mr Rubio represents a triumph for consistency in a country where many institutions, including the Bank, have been buckled and bent beyond recognition in the last 20 years.

When he joined the Bank, Franco was still appointing puppet governors in close consultation with the old commercial banking families that toiled to him. After the advent of democracy and through the subsequent banking crisis, Mr Rubio was passed over as governor when a younger and less experienced man was appointed over his head.

THE MONDAY INTERVIEW

A triumph for consistency

Mariano Rubio, Governor of the Bank of Spain, speaks to Peter Bruce

accepted a senior job in the Finance Ministry and was criticised for supplanting the Francoist table. He resigned after an infamous court martial in Burgos - where he was born - sentenced six Basque activists to death. Back at the Bank he was punished by being given little to do and he left again in 1973.

After Franco died in 1975, Mr Rubio went back and slowly helped build up the research department, hiring the best young economists he could find. Miguel Boyer, Prime Minister Felipe Gonzalez's first Finance Minister, remarked in the research department. So did Carlos Solchaga, the present Finance Minister.

Mr Rubio claims he has never been interested in a political life. But like many others, he none the less exercises greater power than most European central bankers.

Mr Rubio was deputy to Jose Ramon Alvarez Rendueles, more than 10 years his junior, during the post-Franco transition to democracy, which coincided with Spain's late adjustment to the 1973 oil shock.

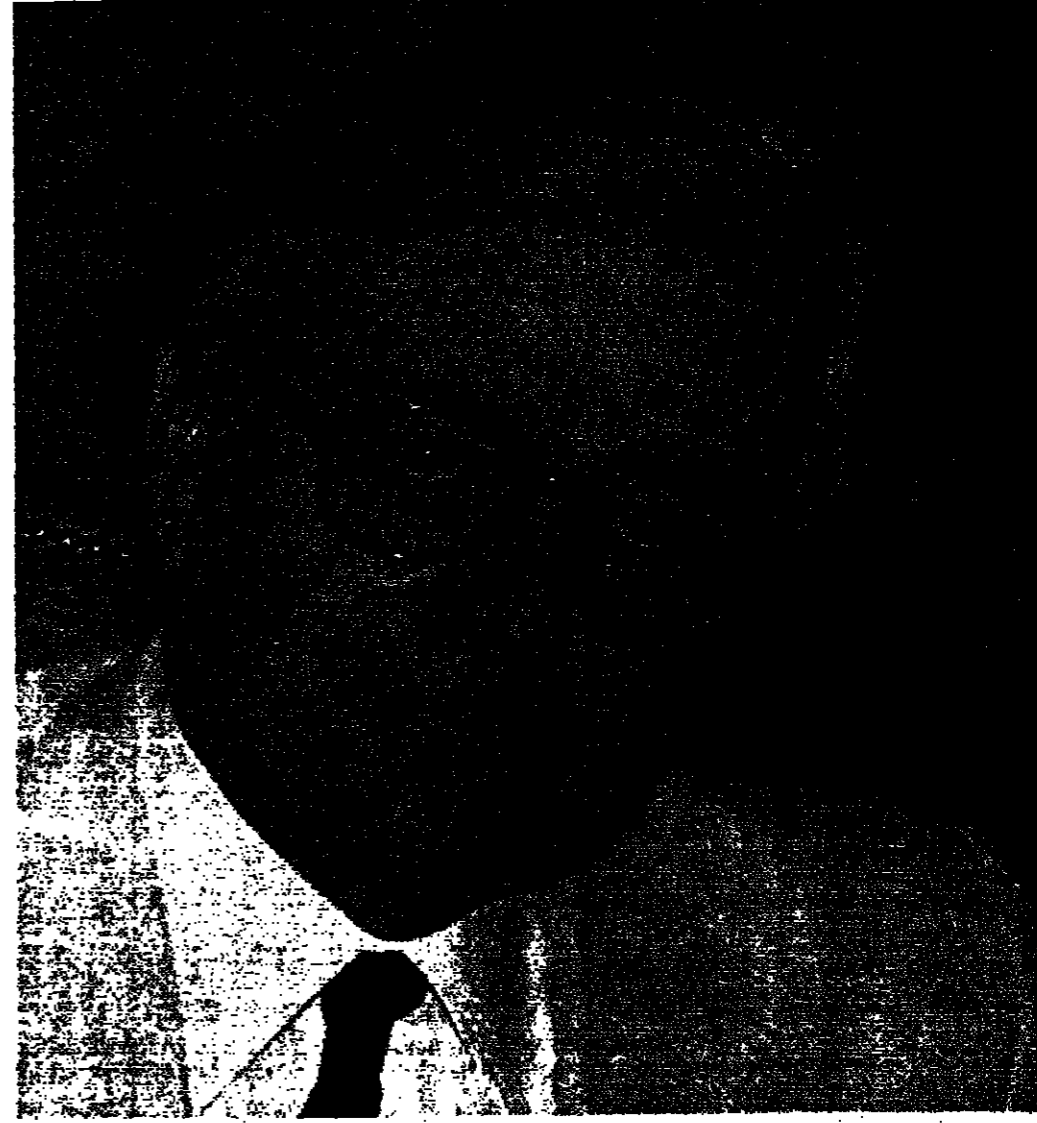
Bankers say it was Mr Rubio, the quiet insider, who ran the Bank during the crisis which laid bare the need for better supervision of the banking system. By 1984, when Mr Rendueles had served two terms, the new Socialist Government had to choose, but to nominate Mr Rubio to succeed him.

He is credited with having "placed" his choices at the top of Banco Hispano Americano and Banesto, two big commercial banks. Last year, during the attempted merger between Banesto and Banco Central, appeared first to support it and

then to side with its opponents. Whichever the case, once he had remarked that boardroom infighting over the merger in Banesto was "worrying", no one would have put money on the merger succeeding.

Although protective of Spain's banking system when challenged by outsiders, he treats the banks with profound distrust and is ruthless when he wants to be. In January, after interest rate rises last summer failed to brake spending, he forced banks which were borrowing cheap funds abroad to lodge 20 per cent of each loan with the central bank but still to pay interest on the total. He also pushed up bank reserve requirements, but inflation and spending continued to rise.

The Government chipped in three months later with some mild fiscal measures. Soon after that Mr Rubio won the EMS debate. "Whenever we Spanish have taken measures to open up our economy we have had tremendous success," he says. "What has happened is that rises in interest rates that in any other country would have produced a weakening of spending have not had that effect in Spain."



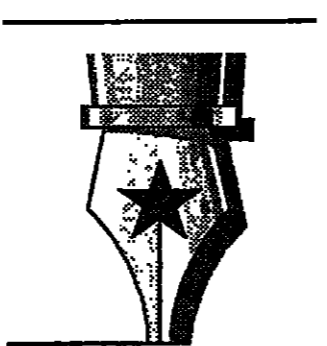
'The death of Pope Pius XII saved me'

inflation at 7.1 per cent. Mr Rubio called leading bankers to his headquarters in the centre of Madrid. He told them, quite simply, to stop lending so much money. They, equally quickly, promised they would. Why should he trust private bankers to stop doing what comes naturally? "It's a last resort and we don't like doing it," he says. "But I'm sure the banks will comply. We have a lot of weapons at our disposal."

uncomfortable with the extent to which responsibility for fighting inflation has fallen on the Bank. "We need a better balance between fiscal and monetary policy," he says, "though by its very nature fiscal policy takes a long time to have an effect. Monetary policy will have to continue to play a decisive role in short-term policy-making."

intends to stand for a third term as Governor. "I like the public service," he says, and the country's growing importance in Europe is bringing fresh challenges to the job.

Bright ideas for getting ahead in Poland



Eastern Europe Notebook

Returning to his native Poland after a 10-year hiatus earlier this year, the film director Roman Polanski observed that where 10 years ago everyone talked about politics and culture, now everyone talks about money.

which is by far the most dynamic and profitable art which makes wealth directly only for a few and produces no commodities and few services.

The mute millions in the meat queue, the slowly working in the desolate, empty and delayed construction sites, the oppressed women picking through lines of state-produced clothes which look as if they had been cut and sewn with a stapler - are mostly left out of this and as yet have found, or have been given, no way in.

As another general puts it, the situation is reminiscent of the ruins of a former government which had been filled, less than a year ago, as uniquely capable of stimulating Polish creativity and inventiveness.

In my view, the foreign capitalists should get here quick. The energy and inventiveness shown by Poles in exploiting the opportunities offered for money-making within the decay of the planned state proves them to be a new reservoir of personal power.

John Lloyd

NOTICE OF REDEMPTION

To the Holders of

A/S Eksportfinans

13% Sinking Fund Debentures Due 1992

CUSIP No. 282645AA8*

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture dated as of June 15, 1982, as supplemented (the "Indenture"), between A/S Eksportfinans and United States Trust Company of New York, Successor Trustee (the "Trustee"), that \$60,000,000 principal amount of A/S Eksportfinans 13% Sinking Fund Debentures Due 1992 (the "Debentures") has been selected for redemption on September 1, 1989 at a Redemption Price equal to 100% of the principal amount thereof in accordance with the Sinking Fund provided for by the terms of the Debentures and as specified in Section 1203 of the Indenture. The following are the serial numbers of the Debentures which will be redeemed in whole or in part:

The certificate numbers of the Bearer Debentures in the principal amount of \$5,000 bearing the prefix C to be redeemed in whole:

Table with 2 columns: Certificate Number, Amount Called. Lists serial numbers 2003-2006 and 2008-2014.

The certificate numbers of the Registered Debentures in the principal amount of unlimited bearing the prefix R to be redeemed in whole or in part:

Table with 4 columns: Certificate Number, Amount Called, Certificate Number, Amount Called. Lists serial numbers 3901-3904 and 3905-3908.

Subject to the receipt of required funds by Bankers Trust Company as Paying Agent, the Debentures or portions thereof so designated for redemption will become due and payable, at 100% of the principal amount thereof, upon presentation or surrender thereof, on or after September 1, 1989 at the office of Bankers Trust Company, Corporate Trust and Agency Group, 123 Washington Street, First Floor, New York, New York. If by mail, the Debentures should be sent to Bankers Trust Company, Corporate Trust and Agency Group, P.O. Box 2579, Church Street Station, New York, New York 10008 or in either such case to Bankers Trust Company, London, subject to any applicable laws or regulations in the country where the office is located.

On and after September 1, 1989 interest on the Debentures or portions thereof so designated for redemption will cease to accrue. Payment of the registered interest due September 1, 1989 will be made in the usual manner. Redeemed bearer Debentures should be presented with all coupons maturing after September 1, 1989. Coupons maturing on September 1, 1989 and prior thereto should be detached and surrendered in the usual manner. Upon presentation for redemption of Debentures which are to be redeemed in part only as above specified, a new Debenture of said 13% Sinking Fund Debentures Due 1992 of a principal amount equal to the unredeemed portion of each such Debenture, will be issued in lieu thereof.

A/S Eksportfinans By: United States Trust Company of New York, the Trustee

Dated: July 31, 1989

IMPORTANT TAX INFORMATION

Please read this notice carefully

Under Federal income tax law, paying agents may be required to withhold 20% of payments to holders presenting their Debentures for redemption or for payment at maturity if such holders have failed to furnish a taxpayer identification number to the Paying Agent certified to be correct under penalties of perjury (or that such holder is awaiting a taxpayer identification number). Certification may be made to the Paying Agent on a Letter of Transmittal obtained from said Paying Agent, which should be completed and returned with the called Debentures.

*This CUSIP number has been assigned to this issue by Standard & Poor's Corporation, and is included solely for the convenience of the holders. Neither A/S Eksportfinans nor the Trustee shall be responsible for the selection or use of this CUSIP number, nor is any representation made as to its correctness on the Debentures or as indicated in any redemption notice.

Guy de Jonquieres